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[SHIPPING]

FOSTERING COMPETITIVE MULTIMODAL TRANSPORT SERVICES

Competitive services in multimodal transport

Report by the UNCTAD secretariat

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Abbreviations

ECE	Economic Commission for Europe
EDI	Electronic data interchange
EDIFACT	EDI for administration commerce and transport
EDP	Electronic data processing
FIATA	International Federation of Freight Forwarders Associations
ICC	International Chamber of Commerce
ICD	Inland clearance depot
ISO	International Organization for Standardization
MMTOs	Mega multimodal transport operators
MT	Multimodal transport
MTO	Multimodal transport operator
NTTFCs	National trade and transport facilitation committees
NVO-MTO	Non-vessel operating MTO
TC 104	Technical Committee 104 (of ISO)
TEU	Twenty feet equivalent unit
UNCITRAL	United Nations Commission on International Trade Law
VO-MTO	Vessel-operating MTO

Introduction

(i) In the conclusions of the report of the Secretary-General of the United Nations entitled "Comprehensive analysis of the activities of the United Nations system in the field of transport"[1] it was recognized that the links between maritime transport, port facilities and land transport have been multiplied by the growing use of containers and multimodal transport (MT) services. These developments necessitated international efforts towards harmonizing, in an integrated manner, governmental policies on maritime transport viewed in close conjunction with other modes of transport. As a result, arrangements were made within the United Nations system for UNCTAD to deal, on a global scale, with the subjects of MT operations and containerization.[2] Subsequent decisions of various United Nations bodies have considerably expanded and updated the scope of competence of UNCTAD in this field to embrace the entire spectrum of the transport sectors involved taking into account new developments in the fields of MT operations, containerization and technological developments.

(ii) When the Standing Committee on Developing Services Sectors, Fostering Competitive Services Sectors in Developing Countries - Shipping, at its first session, drew up its work programme in the fields of shipping, ports and multimodal transport, it decided that the tasks specified in this work programme should be "for the period up to the ninth session of the Conference".[3] At its second session the Standing Committee decided to make MT one of its main items for consideration at its third session in order to allow for a more in-depth discussion of the subject and of the background documentation prepared by the UNCTAD secretariat[4] for the second session. At the closing meeting of the second session the point was made that the Standing Committee should assure itself that all outstanding items of the work programme had been or would be completed by the time of UNCTAD IX.

(iii) The present document shows that all items of the work programme of the Committee in the fields of multimodal transport, containerization, logistics and technological developments will have been completed by UNCTAD IX. There are, however, other issues which require study in these fields since they have a dynamic and progressively developing character. The developments in the transport industry, such as the effects of liberalization of services and increased competitiveness, the evolution of MT operations into physical distribution, multimodal logistics and total transport services, as well as the increasing need for consideration of environmental, safety and quality of services issues, are at the cutting edge of modern transport technology. From this it becomes evident that their promotion will have a major impact on the fostering of competitive MT services, not only in (intercontinental) deep-sea shipping, but equally in the connections to other modes of transport such as feeder services, coastal or short-sea trades.

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1 *Comprehensive analysis of the activities of the United Nations system in the field of transport*, (E/5947).

2 See *Report of the Committee for programme and co-ordination on the work of its seventeenth session*, (A/32/38), p. 7.

3 *Report of the Standing Committee on Developing Services Sectors: Fostering Services Sectors in Developing Countries - Shipping on its first Session* (TD/B/39(2)/5), p. 14.

4 *Containerization and standards* (UNCTAD/SDD/MT/2), *Mega Multimodal transport operators and mega carriers* (UNCTAD/SDD/MT/4) and *Multimodal Transport and Trading Opportunities* (UNCTAD/SDD/MT/5).

(iv) In order to give an overview of the possibilities available to the Standing Committee for further action in these fields, the secretariat has prepared a background paper.[5] Furthermore, the secretariat is placing before the Standing Committee the draft of the Multimodal Transport Handbook[6] to obtain inputs from the Committee on the suggested contents of this handbook. Once these comments have been received, the handbook will be finalized before the holding of UNCTAD IX. These two documents should also be considered at the present session of the Standing Committee.

(v) In order to respond to the demands for information the UNCTAD secretariat has collected information on the subjects mentioned above and disseminated this via its regular Multimodal Transport Newsletters (MT Newsletter), the annual Review of Maritime Transport, and through its *ad hoc* deliveries of its training courses in multimodal transport. However, these media are, by their very nature, unable to treat any particular subject in the depth it may warrant, hence the need for the Standing Committee to consider recommending to the Trade and Development Board further action in the fields of multimodal transport, containerization, logistics and technological developments. In this connection attention is drawn to the fact that many developing countries consider UNCTAD as their "main source of information on developments in multimodal transport".[7]

(vi) Chapter I presents the work carried out in accordance with the work programme adopted by the Standing Committee at its first session. Chapter II presents a list of issues for possible further action which have been identified either in the documentation presented to the Standing Committee, by the Group of Experts on MT which held its session in March 1992[8] or in the present report. Some background information and suggestions are given to allow the Standing Committee to take a decision on how it wishes to treat these issues and what further activities may be undertaken in the fields of multimodal transport, logistics, containerization and technological developments.

Summary and conclusions

1. The Committee on Shipping, at its fourteenth session, considered a detailed inventory of the studies on multimodal transport, containerization and technological developments carried out by the secretariat under its programme of work in these fields as well as proposals in relation to the future work[9] and decided to convene a group of experts on MT in order, in particular, to suggest elements of a future programme of work for the Committee in the field of multimodal transport,

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5 *Facing the challenge of integrated transport services* (UNCTAD/SDD/MT/7).

6 Draft *Multimodal Transport Handbook* (UNCTAD/SDD/MT/8).

7 *Report of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries - Shipping on its second session, op. cit.*, para. 50, p. 16.

8 *Report of the Group of Experts on Multimodal Transport* (TD/SD/C.4/342).

9 *Inventory of existing mandates and new draft programme of work in the fields of multimodal transport and technological development* (TD/B/C.4/323).

containerization and technological developments. In so doing, the Committee recognized the need to avoid widening the gap between the developed and developing countries with regard to the implementation of MT and electronic data interchange (EDI), the implications of the emerging trends towards the creation of mega multimodal transport operators (MMTOs), and the possible need for the development of container pools and the use of larger than current ISO standard containers.

2. The Standing Committee on Developing Services Sectors, Fostering Competitive Services Sectors in Developing Countries - Shipping, at its first session, had before it the report of the Group of Experts on Multimodal Transport. This report contains an ambitious draft work programme in the fields of multimodal transport, technological developments, logistics and containerization. However, owing to the relatively short time available until UNCTAD IX and the limited staff resources available within the secretariat, only some of these items were included in the work programme that was subsequently adopted by the Standing Committee. Many of the issues raised by the Group of Experts consequently remain untreated. The present report attempts to evaluate the most important of these "outstanding items" and submit them to the Committee for its consideration and possible action.

3. The present report also proposes that MT may be one way to help safeguard the environment. This may be done, for example, through the "encouragement of the use of less environmentally intrusive modes of transport such as railways, inland waterways and combined transport"[10] when these are part of a MT chain which includes an ocean transport leg. The New Delhi Action Plan states *inter alia* that "...the adoption of more environmentally friendly technologies... will be promoted through the exchange of information and expertise."[11] This underlines the necessity to stimulate the use of environmentally friendly modes of transport and that "an increased and coordinated effort in research and development is considered essential to improve the efficiency of the ... transport system and to confront at the same time the problems of congestion, safety and environmental damage."[12]

4. Similar sentiments are voiced by the American Transportation Research Board which, in an article in *TR News* 174 entitled "Critical Issues in Transportation", *inter alia*, states that, "only through a strong and aggressive research program can the nation use new technologies and concepts to meet these challenges. Additional funding for transportation may result from defense conversion and technology initiatives at the federal level and from the private sector. Even so, some existing research resources may need to be redirected to respond to the challenges being faced. The Executive Committee's list of critical issues suggests areas for research involvements; following through on these investments can pay the nation dividends well into the 21st century... It is hard to imagine that sustainable development could be achieved without a 'sustainable' transportation system."[13]

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10 *Ibid.* item 5.1, p. 21.

11 *Draft New Delhi Plan of Action on Infrastructure Development in Asia and the Pacific, op. cit.*, para. 5.2.3, p. 18.

12 *Second Pan-European Transport Conference*, Declaration by the Second Pan-European Transport Conference (TRANS/WP.5/R.62), item C. 8., p. 6.

13 "Critical issues in Transportation", TR NEWS, no. 174, September-October 1994, Washington, D.C., pp. 2 & 4.

Chapter I

PRESENTATION OF THE RESULTS OF THE WORK CARRIED OUT TO DATE

This chapter presents the results of the various studies undertaken by the UNCTAD secretariat in response to requests from its governing committee(s).

5. When the Standing Committee held its first session to consider its work programme in the fields of multimodal transport, technological developments, containerization and logistics it had as its starting point the old work programme of the Committee on Shipping and the document "Inventory of existing mandates and new draft programme of work in the fields of MT and technological development" (TD/B/C.4/323) which was submitted to the fourteenth session of that Committee. Furthermore, it had available the "Report of the group of experts on multimodal transport" (TD/B/1320) which, in accordance with the mandate of the group, contained a proposal on a future programme of work.

6. In view of the relatively short life of the Standing Committee, it adopted a work programme which it was certain could be completed by the time of the ninth session of the Conference. Consequently, not all of the proposals contained in the report of the Group of Experts were included. The MT component of this work programme contained three main elements:

(a) Analysis of the impact of MT systems and tariffs on trading opportunities in the context of liberalization and privatization;[14]

(b) Elaboration of a reference document (MT Handbook) for officials and practitioners;[15] and

(c) Monitoring of developments in containerization and related transport technology with potential impacts, particularly for developing countries, on countries transport infrastructure and investment requirements, including developments in the field of standardization of containers.[16]

7. In addition to these new requests, one work item was outstanding from the old mandate of the Committee on Shipping. This was a request,

> "to make available... a report on the practical problems faced by Governments and commercial parties involved in MT and/or container operations including the possible effects of mega multimodal transport operators..."[17]

8. In response to the first of these four items the secretariat prepared, for the second session of the Standing Committee, the report "Multimodal transport and trading opportunities"

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14 *Report of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries - Shipping on its first session* (TD/B/39(2)/5, para. 8, p. 15.

15 *Ibid.*, para. 9, p. 15.

16 *Ibid.*, para. 10, p. 16.

17 *Report on the Committee on Shipping on its fourteenth session*, annex I (TD/B/1264).

(UNCTAD/SDD/MT/5) which shows two ways in which MT and logistics can have an impact on trading opportunities of a country: first, as an efficient transport system serving the country's international trade; and, second, as a means to increase the domestic activity of the national transport sector. It highlights the need to switch from the "old-fashioned" INCOTERMS to those more appropriate for use with MT and stresses the potential benefits obtainable from use of modern transport logistics. Furthermore, it points out that there is a need for traders to modernize antiquated documentary procedures to allow countries to benefit from modern transport technologies. Finally, it exhorts the three types of parties concerned (rule makers, traders and service providers) to interact with each other in order to ensure that both commercial and public interests are taken properly into account.

9. In response to the second item, the secretariat is placing before the Committee at its third session, as one of the two background papers prepared, an outline of a MT Handbook with a possible table of contents and elements of its possible actual contents. This document is entitled "Draft Multimodal Transport Handbook" (UNCTAD/SDD/MT/8). The secretariat has sought the guidance of the Working Party on Multimodal Surface Transport of the International Chamber of Commerce (ICC) on the contents of this document. However, the secretariat would also seek the guidance of the Standing Committee on this draft in order that the handbook may be completed by UNCTAD IX in as useful form as possible.

10. In response to the third item, the secretariat prepared the report "Containerization and standards" (UNCTAD/SDD/MT/2) for consideration by the second session of the Committee. This report analyses the development in container dimensions and their impact on container transport worldwide. After the latest international meetings on container standards it became clear that for the time being there is no global alternative to the present International Organization for Standardization (ISO) standard ISO 668 on container dimensions. Should the need to introduce a new generation of containers be demonstrated by a demand covering deep-sea, coastal, short-sea and inland-transport trades, the report suggests that the resulting implications might be likely to be so great that an international agreement might need to be concluded in order to ensure the orderly harmonization of the provisions for a worldwide system to coordinate on the dimensions of future container equipment with a time-table for their introduction on a global basis. If this is not the case, the industry may continually face a situation in which vested interests impose their own solutions which do not necessarily take into account the requirements of all parties concerned. However, the report goes on to state that the latest situation seems to show a decline in the speed with which oversized containers are being introduced on a global scale and that the problem thus might "solve itself". It would, nevertheless be necessary to keep the situation under review. Another aspect touched upon in the report is the growing awareness of the industry for the need to use ecologically sound and environmentally friendly methods and materials in container production. Since the centres of production are rapidly shifting to the developing countries and the countries in transition, the report suggests that the necessity of sharing experiences in this field might be growing and it suggests that the holding a seminar on the environmental aspects of container production might be pertinent.

11. Finally, in response to the last outstanding item from the now suspended Committee on Shipping, the secretariat prepared, also for consideration by the second session of the Standing Committee, a report entitled "Mega multimodal transport operators & mega carriers" (UNCTAD/SDD/MT/4). This document analyses the development of the so-called mega MTOs (MMTOs), or mega carriers.

While the report suggests that the development of mega carriers may have a slight negative impact on freight rates to and from "feeder ports", it states that their overall effect on world trade is beneficial and that the development of the hub-and-spoke concept reduces the need for heavy investment in port infrastructure. The report goes on to say that the impact of mega carriers on other transport operators will be significant and may relegate many smaller carriers, be they from developed or developing countries, to those of feeder operators and subcontractors for the mega carriers. Consequently, it urges such transport providers to broaden and strengthen their services to meet future challenges. This may make it possible to foster trade efficiencies and, at the same time, encourage the development of a strong, competitive domestically controlled transport industry. Finally, the report stresses that in spite of predictions that mega carriers would soon dominate world transport, a rise has been seen of so-called "niche operators" that compete successfully on their chosen routes.

12. The other background paper prepared for this session, entitled "Facing the challenge of integrated transport services",[18] attempts to address some of the trends regarding technological and operational developments in modern multimodal transport. It looks at some of the practices used in developed countries and suggests ways in which these may be applied in developing countries and countries in transition. It points out that governments must ask themselves some fundamental questions as concerns the application of MT services and warns that some of the answers may have a negative impact on indigenous transport providers. However, the paper suggests that developing countries should consider MT as one vehicle to increase South-South and South-North trade and that the subject of the growth of MMTOs should be kept under review in order to ensure that fair competition is maintained. It also suggests that the experience of national trade and transport facilitation committees (NTTFCs) which have been established in some developing countries could be presented at a global forum in order that other developing countries and countries in transition might learn from their experience and possibly set up similar committees themselves. This would allow governments the opportunity of holding in-depth discussions to reach an acceptable balance between liberalization and protection of national interests in the transport field. Furthermore, it would enable countries avoid repeating mistakes made by others or "reinventing the wheel", thereby leap-frogging onto a higher level of development.

13. Owing to shortage of time, no substantive discussion took place of any of the three documents placed before the second session of the Standing Committee and for this reason the Committee decided to make MT one of the main substantive items of its third session. While the Committee may wish to request the secretariat to conduct additional research on one or more of these issues and take note of different elements of the reports submitted to its second and third sessions, other areas may require the Standing Committee to consider in more depth what further action, if any, it might wish to take. These are set out in chapter II. In order for Governments and the private sector to take appropriate measures to ensure that developing countries and countries in transition will not become the perennial losers, it is suggested that the Standing Committee may wish to recommend to the Trade and Development Board that these subjects be placed on the agenda of UNCTAD IX together with other subjects in the maritime transport field as key components in fostering the development of trade.

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18 *Facing the challenge of integrated transport services* (UNCTAD/SDD/MT/7).

Chapter II

OUTSTANDING ISSUES

This chapter lists those issues that have been identified as possibly warranting further attention by the industry, governments and the Standing Committee and makes some suggestions as to the manner in which such future work might be undertaken.

14. On the basis of the documents referred to in chapter I as well as the Report of the Group of Experts on MT and recent developments, the Standing Committee may wish to consider giving further attention to the potential impact of these subjects on developing countries and countries in transition and on how it wishes to treat them. A summary of the issues identified is presented below (not in order of priorities):

(a) *General policy issues:*

(i) The effects of liberalization policies and increasing competitiveness on the MT sector;
(ii) The question of whether there are market entry barriers to MTOs and freight forwarders to operate as principals not as subcontractors;
(iii) The development of strategic alliances between domestic and foreign transport providers and the local manufacturing industry, particularly in the context of MMTOs' operations;
(iv) The development of national trade and transport facilitation committees;
(v) The possible need for the establishment of a set of voluntary minimum standards for MTOs, similar to the successfully developed Standard Conditions for Shipping Agents.[19]
(vi) The modernization of banking and insurance procedures, connected to MT operations, to facilitate the movement of goods; and
(vii) The on-going process of introduction of MT laws and regulations.

(b) *Technical issues:*

(i) The impact of the introduction of EDI in the transport industry, particularly with reference to MT operations;
(ii) Development of telematics as an alternative to electronic messaging;
(iii) Development and use of software tools; and
(iv) The continuing development of container sizes and standards and their impact.

(c) *Operational issues:*

(i) The feasibility of creating national/subregional container pools among MTOs;
(ii) The migration by transport service providers from developed countries from MTOs into physical distribution, multimodal logistics or "total transport" providers;
(iii) The impact of the development of inland clearance depots (ICDs) and logistics platforms

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19 *UNCTAD Minimum Standards for Shipping Agents* (UNCTAD/ST/SHIP/13).

on freight forwarders and MTOs;

(iv) The use of inland waterway transport, railways and short-sea shipping operations in MT to reduce the negative ecological effect of traditional transport; and

(v) The introduction or use of quality standards for MTOs and freight forwarders.

15. In order for the Standing Committee to make its decision on possible future actions, each of the above subjects is treated below.

A. Effects of liberalization policies and increased competitiveness on the MT sector

16. One of the aims of liberalization has been to eliminate central control over the production and pricing of goods and services as well as the allocation of resources and to transfer economic decision making to the private sector. However, this has not been completely successful everywhere. Experience has shown that rapid privatization and liberalization will not be enough to ensure recovery and growth. One reason may be that the (newly) privatized sector does not have the means and capacities to deal efficiently with the new competitive climate in which it finds itself.

17. Liberalization of the MT industry is likely to be a byproduct of more general liberalization policies adopted by a country. The national treatment[20] of foreign MTOs will stimulate competition and increase opportunities offered to traders. If a domestic market has been opened fully to foreign companies - in this case transport providers - the result may be increased activities of these companies in competition with domestic transport providers. The consequences of such a policy are both good and bad: good for the consumer since transport costs are likely to fall, bad for the employees who may be made redundant when uncompetitive companies downsize or fail.[21] The effect of this development might therefore to be a gradual transfer of transport capabilities from domestic to foreign transport providers. To many governments this is an unpalatable choice.[22]

18. On the other hand, experience in some newly industrialized developing countries has shown that the objective of creating a viable market-oriented MT services sector may be combined with the presence of a large public sector on a transitionary basis, so long as it operates on commercial principles.

19. If transport providers from developing countries and countries in transition are to survive as independent carriers, they need to learn how to operate on a commercial basis in a competitive environment, and governments must see to it that they will be free to act swiftly to changing market conditions. Whereas it may be possible for some operators (e.g. road hauliers or freight forwarders) to survive as independent entities, many others continue to be governmental institutions or at least to have the State as the main shareholder. This, in many cases, means that they are forced to operate within the confines of bureaucratic conditions which often compels them to adopt

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20 "National treatment" means that foreign transport providers, once they have entered the local market, are treated in a manner no less favourable than the treatment accorded to similar domestic services and service providers.

21 See, for example, *Liberalizing International Transactions in Services* (UNCTAD/STCI/7), p. 118.

22 See, for example, Yilmaz Akyüz, "Reform and Crisis in the Transition Economies", *Privatization in the transition process - recent experiences in Eastern Europe* (UNCTAD/GID/7), New York & Geneva, 1993, p. 7.

uncompetitive management structures leaving them at the mercy of strong, independent foreign competitors that are able to react rapidly to changing market conditions. To alleviate this situation Governments might decide to contract out public services through service or management contracts or through complete privatization.

20. However, the increasingly competitive conditions which are a result of the introduction of liberalization and deregulation policies, coupled with the growing importance of new logistical trends in the production and distribution systems, is creating unexpected problems in the MT sector. For example, the need for MTOs to be able to quote door-to-door rates is a prerequisite for efficient MT services. This subject is currently exercising the minds among liner conferences which service the European Union because of a ruling by the European Commission that disallow the quotation by conference of multimodal freight rates.

21. The Standing Committee may wish to evaluate the necessity of carrying out an assessment of the impact of the liberalization policies and increased competitiveness now being introduced throughout the developed world, on MT providers in developing countries and countries in transition with a view to identifying the most suitable transport policies for these countries to participate on a fair and equitable basis in the international transport of their foreign trade.

B. Possible entry barriers to MTOs

22. There is hope for the emergence of a vibrant freight forwarding industry in developing countries and in countries in transition, which over time can develop into MTOs and multimodal logistics providers. However, such hope can only reach fruition if these companies are allowed to compete on an equal basis on access to business to and from their own countries.

23. There is widespread suspicion, among transport providers in developing countries, that they in fact do not have equal access to foreign markets. One may ask if this suspicion is the consequence of poorly managed transport enterprises? In any case, it is matched by a parallel suspicion, by MTOs from developed countries, that they do not have open access to the transport industry in developing countries. Here, one may ask if the limited open access is a result of small markets already saturated by domestic and international transport providers?

24. The Standing Committee may wish to give further consideration to this matter.

C. Development of strategic alliances between domestic and foreign transport providers, particularly in the context of MMTOs' operation

25. Even if the suggestions contained in the section "Summary and Conclusions" of document UNCTAD/SDD/MT/4 concerning the definitions of MMTOs are not accepted as "definitive", the fact remains that the development of MMTOs has brought to bear new competitive pressures on the local transport industry in many developing countries. This in turn has meant that the fragmented freight forwarding industry must come to grips with its own major weaknesses: minuscule size, low professional status and poorly educated staff.

26. The report stresses that MMTOs will have a significant impact on transport industries of developing countries, both at the national and international levels, and points out that the future for many of the traditional liner shipping companies, for domestic road hauliers, for rail carriers, and for non-vessel operating MTOs (NVO-MTOs) throughout the developing world, and indeed among the smaller developed countries, is likely to be as feeder service providers and subcontractors for the MMTOs.

27. The report states that this prospect may not yet be imminent in many developing countries, and suggests that there may still be time to plan to broaden and strengthen present locally owned transport providers to meet the future challenge. With the globalization of trade and transport, the need to form strategic alliances, for example, through the creation of joint ventures, is becoming increasingly important for transport providers in developing countries and countries in transition. Support should be given to the possible development of such strategic alliances between domestic and international transport providers and the local manufacturing industry.

28. A constructive way of promoting MT is to monitor world-wide developments in transport technologies and publishing the findings. This would avoid "re-inventing the wheel" and making infant-industry mistakes, by "leap-frogging" into recognized transport choices regarding transport infrastructure, technology and policies. The Standing Committee may consider that there might be a need to monitor the continuing development of MMTOs, which continue to grow in size and shrink in numbers. The Standing Committee may also wish to propose specific actions for national MT providers in developing countries and countries in transition on actions to take to survive and prosper.

D. The development of national trade and transport facilitation committees

29. The secretariat has observed, during its technical cooperation activities, that, in many developing countries and countries in transition, there is often no proper forum for discussion of problems of trade and transport issues of mutual concern. This statement could possibly be extended to a number of developed countries.

30. Governments often have no specific entity through which to treat international MT issues. Departments of ministries deal with unimodal aspects (sea, air, road, rail) only. This makes MT a kind of "no-man's land" where coordinated decisions are rendered difficult. As a result, there is very little awareness within public offices of the possible beneficial effects of MT in the context of international trade. This situation limits possibilities for the promotion of MT which Governments could use to stimulate national demand and supply for modern transport services. The coordination of various planning authorities is essential to create such an awareness at the national level.

31. In many countries, there is often little or no official point of contact between the private and public transport sectors. This is all the more disturbing because the public transport sector is completely national, and the private partly foreign. Working relations between governmental departments, on the one hand, and private enterprises, on the other, appear to be marked by mutual mistrust. Any strategy for improvement of this situation might involve a profound change in the mind-set of both parties.

32. The secretariat, whenever it has had the opportunity, has therefore encouraged the establishment of NTTFCs comprising all the players in international multimodal transport: the public sector, shippers, agents, Customs, ports authorities, bankers, insurers and transport providers. When these meet regularly to discuss ways for the removal of bottlenecks, it has been discovered that when the members of these committees grasp the problems of the other members, solutions can often be found at the local level as they are able to bring about a better understanding of the complex issues of the MT environment and can recommend for consideration operational and policy measures to the Government and other parties concerned. In this connection it may be of interest to note that a similar proposal has been made in the United States (*viz.* to create an "Office of Intermodal Freight Transportation" to be located "within the office of the Assistant Secretary for Policy and International Affairs"[23]) because of an observation made in an earlier report prepared for the National Council on Public Works Improvements, a body established by the United States Congress to review the state of the nation's infrastructure. Intermodal transport was one of nine major areas singled out for separate study. The report stated: "Perhaps the most important conclusion that emerges from this review of intermodal transportation is the lack of intermodal coordination particularly at the national level. [There is a] lack of a central focus point where the national implications of intermodal transportation can be taken into account (Revis and Tarnoff 1987, 143)".[24]

33. Governments and the local transport industry may consider ways in which the creation of such NTTFCs may be promoted in each country. Once this has taken place, the coordination among neighbouring NTTFCs may bring about harmonization at the subregional level without the intervention of outside parties.

E. The possible need for the establishment of a set of voluntary minimum standards for MTOs

34. As the number of companies which provide door-to-door transport services grows, unfortunately, so does the number of cases of fraud, in this case not perpetuated by companies acting as agents, but by companies which act as principals. The transport press regularly reports cases where MTOs, particularly NVO-MTOs, fail, for one reason or another, to honour their commitment *vis-à-vis* their clients. This was one reason why the United States Congress introduced legislation requiring a USD 50,000 bond by NVO-MTOs operating to or from the United States, an initiative which has already been copied by some other governments.

35. The various national initiatives differ in scope although not in intent. Nevertheless, it would appear preferable to have a more harmonious set of rules in place, if at all possible, voluntary at that.

36. When UNCTAD some time ago, in response to a request from the UNCTAD *Ad Hoc* Intergovernmental Group to Consider Means of Combating all Aspects of Maritime Fraud, including

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23 *Intermodal Marine Container Transportation, Impediments and Opportunities*, Special Report 236, Transport Research Board, National Research Council, Washington, D.C., 1992, p. 114.

24 *Ibid*, p. 113.

Piracy, drew up a set of Minimum Standards for Shipping Agents, they were very favourably received by the industry and adopted by a number of companies around the world.

37. Consequently, it would seem desirable to draw up a similar set of voluntary minimum standards for MTOs, drawing to the largest possible extent on the earlier developed UNCTAD Minimum Standards for Shipping Agents. This would not only reduce the amount of work required, but would also ensure compatibility between the two sets of rules. This should be done with the assistance of the private sector including FIATA and other NVO-MTO organizations as appropriate.

F. Modernization of banking and insurance procedures to facilitate the movement of goods

38. MT of goods is often hampered by antiquated banking and insurance rules or procedures which prevent traders from utilizing the new INCOTERMS and the latest version of the ICC Uniform Customs and Practices for Documentary Procedures, also known as the ICC500 or UCP500 after the document number of the ICC booklet which sets out these rules.[25]

39. It is not so much a question of lack of approval by the various national committees of the ICC, than of the implementation of the modern rules by local banks and branches of insurance companies which, for example, prevents traders from stipulating the use of MT documents (or door-to-door bills of lading) in their letters of credit. The secretariat is already working with the ICC in Paris to promote the use of these modern rules. However, the task is immense and it would seem useful if more localized training activities could be mounted in developing countries and countries in transition to promote these rules.

G. The on-going process of introduction of MT laws and regulations

40. A major shortcoming in many countries is the lack of regulations governing multimodal transport.[26] In so far as international MT is concerned, this is increasingly causing problems for transport users and providers alike.

41. It is, therefore, beginning to be realized by some, that some rules may be needed.[27] At the international level, the United Nations Convention on International Multimodal Transport of Goods of course exists, however, it only has seven contracting parties[28] and is not yet in force. In its absence, the Committee on Shipping requested the secretariat, in close consultation with the commercial parties, to elaborate a set of voluntary rules on multimodal transport. The secretariat, together with the ICC, consequently updated the ICC Rules for Combined Transport Documents

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25 ICC Uniform Customs and Practices for Documentary Credits (ICC 500), International Chamber of Commerce, Paris, May 1993.

26 See, for example, *Cargo liability and responsibility regulation*,"A barrier to improved efficiency in marine container shipping is the lack of uniform cargo liability and responsibility regulations for international intermodal shipments", Intermodal Marine Container Transportation, *op. cit.*, p. 108.

27 This was, for example, recommended by the ECE Working Party on Combined Transport (No. 24), see *Combined Transport and Coastal Shipping*, (TRANS/R.397), para. 56, p. 15, and para. 119, p. 26.

28 Chile, Malawi, Mexico, Morocco, Rwanda, Senegal and Zambia.

by producing the UNCTAD/ICC Rules for Multimodal Transport Documents. The new Rules have already been adopted by FIATA in their revised "Multimodal Transport FBL" and the Baltic and International Maritime Committee (BIMCO) is in the process of updating its COMBIDOC.

42. A few countries have recently introduced national legislation on multimodal transport, but - except for the five countries of the Andean Pact - not necessarily in any harmonized fashion. Some of these laws have been based on the UNCTAD/ICC Rules, however, these rules were never intended for incorporation into law, and were not shaped for this purpose. It might therefore be useful to take stock of the experiences of different regions on the establishment of subregional MT laws, regulations and administrative procedures.

H. The impact of the introduction of EDI in the transport industry, particularly with reference to MT operations

43. About 10 years ago the Economic Commission for Europe (ECE) began work on creating a standard message framework for EDI. This came to be known as "Electronic Data Interchange For Administration, Commerce and Transport" (EDIFACT). At present about 50 EDIFACT messages for transport have been developed representing about one third of all such messages created. A growing number of users apply these in various branches of the transport sector. Furthermore, several VO-MTOs are working on the production of a guide concerning EDIFACT messages. A number of major ports have already introduced or are introducing EDIFACT messages and the port of Singapore recently decided that all interchange of data concerning the handling of containers must be effected by means of EDIFACT messages as of 1994. Similarly, in the exchange of data between the Customs Authorities of the United States and countries like Singapore and Australia, the data are sent using subsets of the CUSDEC message from one Customs Authority to another.

44. The effects of EDI on MT and MTOs has already been treated in a number of United Nations publications,[29] and in many other papers.[30] From these it is quite clear that the impact of EDI on modern (multimodal) transport is profound and that any organization which chooses to ignore this, does so at its peril.

45. A major question in this connection is that of the possible need of changes in the definition of "writing", "signature" and "document" employed in multilateral conventions and agreements relating to international trade. This subject is being studied by the Working Party on Facilitation of International Trade Procedures of the Committee on the Development of Trade of the ECE (WP.4). The most recent document on this subject[31] (submitted by the Legal Rapporteurs Team

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29 For example, *The Effects of EDP and EDI on Transport Organizations and Users* (TD/B/C.4/AC.11/5), or *Electronic data interchange (EDI) systems for transport related and trade facilitation activities* (ST/ESCAP/1030).

30 For example, "The Commercial Use of Electronic Data Interchange - a Report", American Bar Association, 1990; Raven, John, "Electronic Data Interchange, An Institutional Crossroads", International Data Exchange Association, Brussels, September 1990; or Raven, John, "Electronic Data Interchange and Developing Countries, International Data Exchange Association, Brussels, December 1988.

31 *Legal Aspects of Trade Data Interchange - Review of definitions "writing", "signature" and "document" employed in multilateral conventions and agreements relating to international trade* (TRADE/WP.4/R.1096).

of WP.4) notes that "the current rules concerning international trade transactions may not satisfactorily accommodate the reality of EDI. In many instances, under these rules, EDI messages remain potentially unacceptable as legal means of communication."[32] The report suggests that if the UNCITRAL draft provisions for uniform rules on the legal aspect of EDI (A/CN.9/387) are adopted as a model law, the rules would "eliminate some of the problems identified in this report so far as national laws and non-statutory rules are concerned."[33] However, the ECE report stresses that "the difficulties ... would not be resolved solely by the implementation of a model law unless this were to be adopted as an overriding convention of some kind as that setting global liability limits for seagoing ships, which overrides the Hague Rules. The consequence of such a convention would require careful consideration."[34] It continues that,

> "bringing the subject up should focus minds not only on the current legal impediments but also on the future practical problems of operating certain procedures under the convention when using EDI transmissions. In considering the need to remove a narrow requirement for "writing", thought must also be given to the actual mechanics of the system. Can the existing procedure sensibly be carried out by EDI means? Is it commercially attractive and logistically possible to install equipment at the quayside and goods inward bay which will allow real time unique messages to be transmitted to other parts of the system, in lieu of simple manual endorsement onto existing paper documents?"[35]

Finally, it notes that,

> "forms of authentication other than manual signatures are already permissible under a number of conventions. It would be useful in future work to look beyond the narrow issue of "signatures" to consider authentication in general. Where the conventions do not at present require signatures at particular stages - e.g. when a reservation is entered in a document manually - it may be necessary under EDI, to consider how the authentication of such data is to be established. There will be no need to alter a convention which has no authentication requirement, but at a practical level it may be necessary to develop codes of practice and security procedures which will inhibit fraud in these areas.
>
> The conventions refer frequently to "documents". These references are to the "document" which are the subject of the conventions themselves - e.g. bills of lading, air waybills - but also to other documents such as custom forms. Generally the word "document" is not defined. It may be assumed that a written document was envisaged by the draughtsman as that was the only format then available."[36]

46. The Standing Committee may wish to consider if there is a need for transport providers and users in developing countries and countries in transition to become more acquainted with these developments, particularly the need to adapt to the needs to possible changes in the definition

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32 *Ibid.*, para. 1.6, p. 2.

33 *Ibid.*, para. 1.7, p. 2.

34 *Ibid.*, para. 1.7, pp. 2-3.

35 *Ibid.*, para. 1 11, p. 3.

36 *Ibid.*, paras. 1.12 and 1.13, pp. 3-4.

of "writing", "signature" and "document" all of which are of crucial importance to the trading possibilities of developing countries and countries in transition.

I. Development of telematics as an alternative to electronic messaging

47. Important though the use of EDIFACT may be, developments already seem to have gone one step further. Companies and organizations have begun to realize that it may be more cost effective, and more convenient, simply to interrogate data bases of their partners. Provided certain security measures are observed, interested parties may be able to use the Internet or the World Wide Web facilities for such purposes. For example, by Customs Authority in the country of import may one day wish to access the computer of the Customs Authority (or even the computer of the exporter) in the country of export to verify that a certain shipment is what it is claimed to be. This can be done in "real time" at the time most convenient to the receiving Customs and negates the need for a special message.

48. While such use of telematics is still in its infancy, it would seem prudent for MT users and providers in developing countries and countries in transition to take this new development into account when they upgrade their electronic data processing (EDP) systems.

J. Development and use of software tools

49. The secretariat has developed a number of software tools for use by developing countries and countries in transition. For any software to be of any long-term use, it must constantly be updated and/or upgraded. States members of UNCTAD might wish to consider making such expertise available to the secretariat in order to allow the software to be maintained.

K. Container standards

50. At the governmental level the subject of container standards was raised for the first time at the United Nations/IMCO Conference on International Container Traffic at the end of 1972, which adopted a resolution on container standards for international multimodal transport. In response to this resolution, the Economic and Social Council by its decision 6 (LVI) entrusted UNCTAD with the study of the subject which became a "core issue" of the UNCTAD work programme in the transport field.

51. It must be underlined that when considering this subject there was never any question of substituting the technical work in the field of container standards carried out by ISO. On the contrary, the Group of Experts on Container Standards for International Multimodal Transport, and the *Ad Hoc* Intergovernmental Group on Container Standards for International Multimodal Transport, which were convened according to the a decision of the Trade and Development Board[37]

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[37] Decision 182 (S-X).

to assess the work done by ISO and to determine what future action should be taken in this field, considered that "ISO is the appropriate body to develop international standards".[38]

52. Cooperation between UNCTAD and ISO in the field of container standards has been and continues to be very important. One of the results of this cooperation was the adoption by ISO technical committee no. 104 (ISO/TC 104) of its resolution 71 and by the ISO Council of its resolution 22 in 1978.[39] They requested that whenever proposals were put forward for revisions to the ISO standards ISO 668 (dimensions and ratings) and ISO 1161 (corner fittings) which affect the compatibility, intermodality and modularity of ISO containers, ISO would, through its Secretary-General, in addition to normal circulation to member of ISO/TC 104 and international organizations in liaison, draw these proposals to the attention of all ISO members and to competent United Nations bodies in order to permit the widest possible consultation.

53. The monitoring of the developments in the field of international container standards has permitted the secretariat to draw the attention of ISO to the needs and requirements of developing countries. In this way the secretariat has heightened the general awareness of the fact that the problem of container standards has a political significance which is of importance not only to the private sector, but to governments as well. This has been reflected in the holding of two World seminars on this subject in 1989 and 1992.[40] These seminars were organized by the ECE with the assistance of UNCTAD.

54. At present the main issue in this area is connected with the use of larger-than-present-ISO standard containers and with the venture of the so-called second-generation containers. These developments continue to be closely monitored and the cooperation between UNCTAD and ISO/TC 104 will be maintained in order to safeguard the interests of those countries not represented on this Technical Committee.

L. The feasibility of creating national or subregional container pools among MTOs

55. The continuing growth of MMTOs automatically brings with it a growth in the number of containers these companies control. Even among companies that do not fall within the MMTO category the pooling of individual container fleets is occurring. Pooling of containers obviously allows these companies to benefit from economies of scale. This makes it questionable to what extent container operators (or lessors) in developing countries and countries in transition that only control a few thousand units are able to compete with operators from developed countries.

56. To the extent that it is a question of leasing of containers by container users from developing countries and countries in transition *versus* lessees from developed ones, it seems likely that container lessees in developing countries or countries in transition may obtain leasing rates which do not

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38 *Report of the Group of Experts on Container Standards for International Multimodal Transport* (TD/B/AC.20/1), para. 105.

39 Resolution 71 adopted at the 10th meeting of ISO/TC 104, Genoa, June 1978, on relevance to the work of the *Ad hoc* Intergovernmental Group on Container Standards. ISO Council Resolution 22/1978 (Rev.).

40 *Reports of the Seminars on the Impact of Increasing Dimensions of Loading Units on Combined Transport* (TRANS/SEM.7/4 and TRANS/SEM.10/3).

differ materially from rates offered to lessees from developed countries (although no study has been made of this).

57. However, when it comes to making the most economical use of these containers, the limited size of individual container fleets of transport providers from developing countries or countries in transition may have an important negative impact on their competitiveness and may beg the question of whether it would not be better for them to pool their container fleets to obtain the benefits of economies of scale. In this connection the subject of "grey containers" i.e. containers without any company logo or marking and belonging to a common container pool may warrant consideration.

58. The debate over the potential benefits that may be derived from the use of "grey boxes" has been going on for the last many years and the concept has still to "take off", yet when used in a way that reduces the number of days containers are remaining idle or are moved empty it certainly has merits. For example, the "grey box" concept was suggested to the Transport Council of the European Union by the Commissioner for Competition in a report issued in June 1994[41] as one way of reducing costs.

59. The Standing Committee may wish to consider giving this matter further attention.

M. The migration by transport service providers from developed countries from MT operators into physical distribution, multimodal logistics or "total transport" providers

60. World-wide demand for integrated services has resulted in a continued development of door-to-door transport providers that can organize seamless moves across countries, oceans and continents. In some cases, these services providers are non-asset based companies, for example, international versions of companies which offer domestic intermodal transport services that link specialized carriers through intermodal transportation and information systems. In other cases, they may be asset-based integrated transport providers that offer "one-stop shopping" for MT capacity linking all regions of the world.

61. To survive fierce competition, some companies are going one step further by offering full global third-party logistics services. These companies are capable of providing, in many countries, a full range of services including warehousing, inventory management, order processing, Customs brokerage, transportation and even final-form light manufacturing.

62. This migration by transport service providers from "simple" MTOs into full physical distribution, multimodal logistics or "total transport" providers is opening new opportunities to the transport industry and to the trading community. Developing countries and countries in transition should be aware of the potential benefits which can be derived from this development.

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41 Journal de Transport International, Basel, no. 44/1994, p. 3481.

N. The impact of the development of inland clearance depots (ICDs) and logistics platforms, and their effects on freight forwarders and MTOs

63. Apart from changing the concept of transport, both in physical and organizational terms, ICDs (or distribution centres) have a beneficial effect on the trading and industrial activities of a country or region. Trading activities will be promoted not only by offering improved groupage facilities, but also because they will facilitate participation in trade by intermediaries previously engaged mainly in local trade and transport. The introduction of ICDs has far-reaching implications for infrastructure requirements and transport organization. It relieves the port of storage problems but, at the same time, requires a certain minimum standard of road, rail or inland waterway connections between the port and the ICD. Unless ICDs are built, transport of cargo to and from the port will take place through a one-leg distribution system which has the disadvantage of sub-optimum use of inland transport vehicles, increases the strain on the road network, harms the environment, and reduces possibilities for realizing economies of scale.

O. The use of inland waterway transport, railways and short-sea shipping operations in MT to reduce the negative ecological effect of modern transport

64. Shortly after UNCTAD VIII, the United Nations Conference on Environment and Development (UNCED) held a meeting in Rio de Janeiro which highlighted the importance of the environment. This lead to an increased appreciation of the possible harmful effects on the environment of a number of activities including those of the transport field. For example, within the ESCAP region, the "New Delhi Action Plan on Infrastructure Development in Asia and the Pacific" states that "infrastructure development can have a massive and irreversibly detrimental impact on the environment,"[42] and the Organization of Economic Co-operation and Development (OECD) recognizes the activities of the transport sector "as being major courses of environmental and energy problems on every geographical scale".[43] OECD consequently acknowledged that the "relationships between transport and the environment are highly complex and broad of scope... Addressing them requires coordination of national and international organizations on many fronts so that a variety of issues can be tackled simultaneously."[44] Similarly, the Inland Transport Committee of the ECE at its 57th session in January 1995 when adopting its new programme of work, decided, *inter alia*, to undertake a "study of various economic and environmental aspects of combined transport...responding to increasing environmental concerns of the public at large."[45]

65. Until recently MT was used by transport operators that mainly combined ocean transport with either road or rail modes, primarily the former. This has contributed to the saturation of roads and to their degradation as well when overweight vehicles have been used. The (excessive) use of road transport by MTOs, when other, more environmentally friendly modes such as inland waterways or coastal shipping might be used, therefore needs to be addressed.

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42 *Draft New Delhi Action Plan on Infrastructure Development in Asia and the Pacific* (TCT/AIMTCD/2), pp. 17-18.

43 Transport and Environment, Survey of OECD, IEA and ECMT Work, OECD, May 1994, p. 4.

44 *Ibid.*

45 *Draft programme of work 1995-1999* (TRANS/R.394), item 02.7.1(g), p. 18.

66. The holding of UNCED in Rio de Janeiro in June 1992 brought into focus the fact that many of the activities of mankind may potential have a negative environmental effect. This is now widely recognized in both developed and developing countries. This realization has brought about new measures to protect the environment, for example, by transferring the transport of goods from the environmentally unfriendly road mode to the less environment-damaging modes of rail, inland waterway or coastal shipping transport services. In this connection the United States' National Commission on Intermodal Transport stated that the benefits of an intermodal transport system are enormous in that they "offer the promise of: ... reducing energy consumption and contributing to improved air quality and environmental conditions."[46]

67. While Governments, of course, are able to motivate transfers of mode through a series of measures such as increasing taxation of the road users, they are often reluctant to do so for a number of reasons. MTOs, on the other hand, are able, not through taxation but through educated use of each transport mode, to influence the choice of modes in a door-to-door transport.[47] A series of unimodal moves organized by several individual transport providers is less likely to steer a certain transport towards the most environmentally friendly transport mode because each move is seen in isolation. An MTO, "multimodal logistics" or "total logistics provider", on the other hand, may be able to make informed choices of modes in order to gain the largest overall benefit for its client.

68. It has been suggested that greater use of inland waterways or coastal shipping, for example, should be applied to reduce terrestrial congestions. The European Union is currently engaged in an initiative to encourage road traffic towards the railways and, particularly, short-sea shipping. It is submitted that similar initiatives elsewhere in the world to promote the use of "non-traditional" modes of transport in the MT chain might alleviate current heavy road usage with its polluting effects and need for costly road maintenance work.

69. As a first step, a comparative analysis might be undertaken to investigate to what extent such a transfer of modes by MTOs in different countries might be beneficial for the transport environment.

70. The Standing Committee might consider steps an MTO could take to facilitate the choice of transfer of traffic away from road transport towards railways, inland waterway and coastal shipping in a MT chain, resulting in an improvement of the environment and the economic performance. The Standing Committee may also consider how it may shape its policy in this important field so as to emphasize the need for transport providers to use the most environmentally friendly modes. This would make it possible to provide the necessary conditions for a greater use of sea/air, inland waterway transport and short-sea shipping operations in the context of international combined and MT operations. At the same time it may wish to consider the damage to the environment and infrastructure caused by overweight containers. In this connection it is suggested that eco-labelling and eco-certification of MT services may be of interest to the consumers and that a study might be undertaken of the conditions under which such certificates may be issued

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46 Towards a national intermodal transportation system, Final Report, National Commission on Intermodal Transport, Washington, D.C., September 1994, p. 3.

47 See, for example, Short-sea shipping: Via Optima?, "Conference Papers", Second European Research Roundtable Conference on Shortsea Shipping, Delft University Press, Delft, 1994, pp. 198-203.

by a third party professional body.

P. The introduction or use of quality standards for MTOs and freight forwarders

71. A principal factor in the performance of an organization is the quality of its products or services. This was highlighted at the second session of the Standing Committee.[48] There is a worldwide trend towards more exacting customer expectations with regard to quality. Accompanying this trend has been a growing realization that continual improvements in quality are often necessary to achieve and sustain good economic performance.

72. More and more buyers and sellers are insisting on suppliers of products (cargoes) and services (transportation) conforming to the ISO quality standards and it is becoming increasingly possible that they will refuse to do business with companies that do not hold the necessary certification that their business comply with the ISO quality management standards. Several ocean carriers have already introduced quality management standards and the next step is that they will demand that their subcontractors (feeder-service operators, road hauliers, agents, freight forwarders etc.) apply the same stringent standards. In the case of transport providers, shipping companies, MTOs and freight forwarders, it is particularly the standards contained in the ISO document "Quality systems - Model for quality assurance in production and installation" (ISO 9002)[49] which deals with a number of general procedures that are of interest. It would seem important that the MT industry takes measures to deal with this subject as a matter of some urgency, for example, through technical advice and training.

Q. The stimulation of discussions of MT issues within the trade and transport community

73. The work programme established by the first session of the Standing Committee included a strong technical cooperation component. The Trade and Development Board agreed, at the first part of its forty-first session, that the secretariat's technical assistance cooperation contributes to the intergovernmental deliberations, research and analysis,[50] and that the priority objectives of the technical cooperation programmes should include, *inter alia*, transport and human resource developments.[51] It is consequently assumed that the Standing Committee would wish this work to be continued.

74. The execution of a technical cooperation project in the field of MT not only results in a better understanding of the relevant transport issues, but often also in the introduction of more efficient transport in the country concerned. A recently concluded project in one developing country, for example, showed that it was possible, through better planning and coordination between the port,

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48 *Report of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries - Shipping on its second session, op. cit.*, para. 25, p. 11.

49 Quality systems - Model for quality assurance in production and installation, (ISO 9002: 1987), International Organization for Standardization, Geneva, 1987.

50 *Report of the Trade and Development Board on the first part of its forty-first session* (TD/B/41(1)/14 (Vol.I), Item 9, para. 6, p. 16.

51 *Ibid.*, para. 9 (c), p. 17.

the MTOs and the railways, to reduce the transit time for a container block-train service by one third. Other, relatively minor, benefits came about when the lay-out of a major ICD was modified to improve operations (removal of rubbish, improvement to the outside perimeter, etc.) while the introduction of common minimum trading standards for freight forwarders and their acceptance of a general insurance scheme made it much more attractive for foreign companies to entrust their cargoes to the local transport providers.

75. The biggest "benefit", however, may simply come about by the execution of such a technical cooperation project because it will focus the minds of the many diverse parties involved in the need for cooperation in the transport field, and of the fact that unless the transport sector functions well, the trade of the country is unlikely to remain competitive.

Information Retrieval

KEY WORDS

ACIS, coastal trade, Cartagena Commitment, Committee on Shipping, competitiveness, container dimensions, containerization, ecological impact, Economic Commission for Europe, ECOSOC, EDI, EDP, EDIFACT, environmental damage, Group of Experts on Multimodal Transport, INCOTERMS, inland waterways, International Chamber of Commerce, ISO standards, liberalization, mega multimodal transport operator, MT Convention, MT-Handbook, MT Newsletter, mega multimodal transport operators, minimum standards, MMTO, multimodal transport operator, MULTISHIP, niche operators, non-vessel operating MTO, poverty alleviation, Review of Maritime Transport, short-sea trades, Standing Committee on Services Sectors, technical co-operation, technological developments, telematics, trade efficiency, TC 104, TRAINMAR, UNCITRAL, UNCTAD VIII, UNCTAD IX, VO-MTOs, work programme.

ABSTRACT

Status of the work programme in the field of multimodal transport, technological development, logistics and containerization. List of outstanding issues and enumeration of possible future action by the Standing Committee on Services Sectors (shipping) in these fields.

The report contains an introduction, a summary and conclusions and two chapters which cover the following:

Chapter I: Presentation of the results of the work carried out to date; and

Chapter II: Outstanding issues.

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SHIPPING]

STRENGTHENINC TECHNICAL COOPERATION AND HUMAN RESOURCE DEVELOPMENT

Technical cooperation and human resource development in shipping, ports and multimodal transport

Report by the UNCTAD secretariat

CONTENTS

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SUMMARY AND CONCLUSIONS

1. Technical cooperation has always been viewed by UNCTAD as an important complement to its research, policy analysis and intergovernmental deliberations and it has been a prominent feature of UNCTAD's work on maritime transport for over 20 years. The purpose of this report is to describe the technical cooperation and human resource development activities conducted by the secretariat in shipping, ports and multimodal transport and to draw some lessons from the practical experience gained from working in this field which could help improve the effectiveness of these activities in the future.

2. UNCTAD's technical cooperation concentrates on assisting developing countries and countries in transition in the economic, commercial and legal aspects of maritime and multimodal transport services. As such, it is complementary to the assistance available from the International Labour Office on employment and social issues and to that of the International Maritime Organization which deals with technical and safety aspects. UNCTAD collaborates closely with these other organizations and a number of maritime projects are conducted jointly.

3. Up until 1980 UNCTAD's human resource development activities consisted mainly of conducting training courses and seminars on various aspects of shipping and ports. In 1980, however, UNCTAD embarked upon a programme of action to help developing countries tackle their own management training problems. This initiative, which is spearheaded by the TRAINMAR programme, is aimed at the establishment and strengthening of training capacity in developing countries so that they have the capability to analyse their own training needs and to design and conduct training programmes to meet them.

4. Technical cooperation activities are financed almost entirely through extra-budgetary funding and much of this traditionally came from the United Nations Development Programme (UNDP). Funding from UNDP has declined recently. Fortunately this shortfall has been made good by an increase in funds from other donors which are expected to finance some 60 per cent of UNCTAD's technical cooperation in maritime transport in 1995. However, this changeover in the source of funds has not been without its problems due to certain incompatibilities between the financial practices of the new donors and those of the United Nations. The time may well be ripe for a re-examination of the procedures applied by UNCTAD to enable them to tie in better with the requirements of different donors.

5. The object of UNCTAD's technical cooperation is to improve the efficiency of maritime and multimodal transport services. Independent evaluations of three major programmes, Advance Cargo Information System (ACIS), TRAINMAR and Improving Port Performance (IPP) confirm that, not only are these programmes making an important contribution to this goal, but they are doing so in a cost-effective manner. However, the ultimate test of the effectiveness of a technical cooperation project is not whether it improved the situation during the life of the project but whether these improvements are sustainable, and built upon, once the project finishes. This is by no means easy to assess. Nevertheless, some lessons concerning the ingredients for successful technical cooperation can be gleaned from the results - both positive and negative - of past projects and the more important of these are listed below.

(a) The success of technical cooperation depends to a large degree on the commitment of governments and other beneficiaries to become full partners in the project and provide the necessary counterpart support to ensure continuity following a project's completion. This is unlikely to happen unless the host organization is fully convinced that it has institutional, operational or policy problems which require help from outside.

(b) The difficulties of achieving sustainable improvements should not be underestimated. Some earlier projects were over-ambitious and reflected an unrealistic assessment of what could be achieved within a given time-frame. This

led to the termination of projects before the implementation phase was complete, with the result that help was not available to assist in solving teething problems. Projects with more modest targets, but of longer duration with time allowances for beneficiaries to digest proposals for change, have a better chance of success.

(c) A project's size may influence the chances of its long-term success. Projects which are too small to warrant a full-time advisor - at the local or regional level - will need to establish very clear arrangements for their management if they are not to lose direction. On the other hand, large projects, which provide for a team of experts, may enjoy success in the short-term due to their dynamism but risk failure in the long-term if the substantial outside help is withdrawn too suddenly. The design of large projects should put great emphasis on arrangements for progressive handover to local communities.

(d) In order to reduce the risk that the lack of some timely advice or the maintenance of some vital hardware could jeopardise the sustainability of project achievements, some fraction of the project budget should be ear-marked for possible follow-up assistance after project termination.

(e) As a result of institutional reforms taking place in many countries, the private sector is taking on a more active role in the transport industry. Information on technical cooperation should be made available to the private sector and its needs should be taken into account by governments when determining assistance priorities. UNCTAD's experience to date has shown the private sector to be a highly serious partner ready to engage in project activities and with a strong commitment to implement results.

(f) Frequent use is made of specialists from industrialized countries. Their rich experience is beneficial, but the cost is high and there are sometimes difficulties in adapting their knowledge to local conditions. More use is now being made of consultants from within the region who have specialist experience that is directly applicable to local conditions. Not only is advice from such people more likely to be assimilated quickly, but it should be available at lower cost (both in fares and fees) and more easily permit follow-up if required. This technical cooperation among developing countries also encourages the development of consulting services in these countries.

(g) Technical or organizational changes should go hand in hand with training. These links should be identified at the project design stage, so that the training necessary for successful change, and the change necessary for successful human resource development, can be introduced together. Training will only be fully effective to the extent that it is conducted in the context of a human resource development policy which links training to the corporate objectives of the organization. Trainers should be accorded the necessary status to permit high calibre staff to be recruited and retained, and training should be designed and conducted in close coordination with line management to ensure that it meets the real needs, that it is followed by the people most needing it and that trainees can apply their new knowledge when they return to the workplace.

I. INTRODUCTION

A. The role of shipping, ports and multimodal transport in economic development

6. International trade is one of the principal generators of economic growth; it is also one of its main consequences. In other words, growth occurs when trade is created, whilst this growth itself creates more trade. Since trade in goods requires the provision of transport, it is clear that the supply of efficient international transport is an essential element of the development process. So far as developing countries are concerned, ocean transport remains overwhelmingly the most important form of international transport. Indeed, apart from the trade between the contiguous countries in the land masses of Europe and North America, sea transport is fundamental for the trading of the whole world.

7. The phrase "shipping, ports and multimodal transport" used in the title of this report is meant to embrace all the sectors involved in the international transport of goods by sea. These include, not only ship operators and ports, but all the other parties with responsibilities for facilitating the movement of goods between their point of origin and the port of loading or between the port of discharge and the final destination.

8. In many developing countries and countries in transition traders are faced with serious logistical problems in connection with the international transport of their goods. These problems manifest themselves to individual traders in the form of:

- high distribution and marketing costs,
- reduced profit margins,
- reduced international competitiveness, and
- constraints on business expansion.

For the traders' countries such difficulties result in:

- failure to develop their international trade potential,
- high prices for imports,
- meagre foreign exchange receipts from exports,
- restricted investment and employment, and
- limited economic growth.

A fuller discussion of these problems and suggestions on how they may be alleviated, including certain steps being taken by UNCTAD, are contained in a recent UNCTAD publication.[1]

B. Technical cooperation and human resource development in UNCTAD

9. Technical cooperation and human resource development (HRD) are viewed by UNCTAD as important complements to its research, policy analysis and intergovernmental deliberations. Research provides new insights into methods of tackling development problems; through training programmes the results of this research can be disseminated to policy makers and other officials in developing countries; technical cooperation provides the means for follow-up assistance to be made available to developing countries, at their request. At the same time, the information and ideas which technical cooperation experts communicate from the field enable members of the secretariat to better understand the needs of developing countries and how the work of the secretariat can be oriented to help meet such needs; thus technical cooperation becomes an important source of ideas for research. UNCTAD's technical cooperation programme was, in the past, oriented to developing countries because of their special needs. This programme is now being extended to countries in transition which share some of these needs.

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[1] Draft Guidelines on Key Sectors for Trade Efficiency: Transport, TD/B/WG.2/11/Add.2.

10. The Cartagena Commitment adopted at UNCTAD VIII reiterated governments' support for the secretariat's technical cooperation and HRD activities by stating that "Technical cooperation should be strengthened, expanded within the resources available and integrated into all relevant areas of UNCTAD's work ...,"[2] and "It is crucial to ensure the enhanced participation in the world economy of developing countries, as well as countries undergoing the process of transition to a market economy system, through [*inter alia*] strong policies for human resource development".[3]

11. The question of implementing national policies for HRD was examined by the Trade and Development Board at the second part of its thirty-ninth session in March 1993. The Board noted, among other things, that:

- National HRD policies, based on a close partnership among the government, training institutions and the business community, constitute an essential element in responding to rapid changes in the international economic and technological environment.

- Strengthening of local training institutions implying, in particular, special efforts in the training of local trainers and HRD managers, is a necessary condition for the long-term sustainability of training capacities. It also permits the necessary adaptation of training material to the local socio-economic and trading environment. Training should encompass the development not only of technical skills but also of managerial capabilities.

- The network approach, involving the sharing of training material, experiences and trainers, allows cost-effectiveness in the training process, enhances the credibility of local training institutions and facilitates access to centres of excellence abroad.

Strong support was shown for the continuation and implementation by UNCTAD of well-focused HRD activities and particular approval was expressed in the systematic approach of TRAINMAR[4] as a practical contribution to the above policy orientations.[5]

12. In January/February 1994 two independent consultants conducted a policy review of technical cooperation in UNCTAD. This report was discussed by the Trade and Development Board at its sixth executive session in September 1994 and a decision was taken to implement most of the report's recommendations.[6]

13. The purpose of the present document is not to duplicate previous reports but rather to describe more specifically the technical cooperation and HRD activities being carried out in Shipping, Ports and Multimodal Transport, to indicate why these activities are being undertaken and to draw some lessons from the practical experience gained from working in this field which could help improve the effectiveness and impact of these activities.

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[2] A new partnership for development: the Cartagena Commitment (TD/364/Rev.1), paragraph 61.

[3] Ibid., paragraph 63 (1).

[4] Detailed information about TRAINMAR is presented in a report entitled "Implementation of the TRAINMAR Action Plan" UNCTAD/SDD/TRN/1.

[5] Report by the Vice-President (United States of America) on the consultations on agenda item no. 2 (TD/B/39(2)/26).

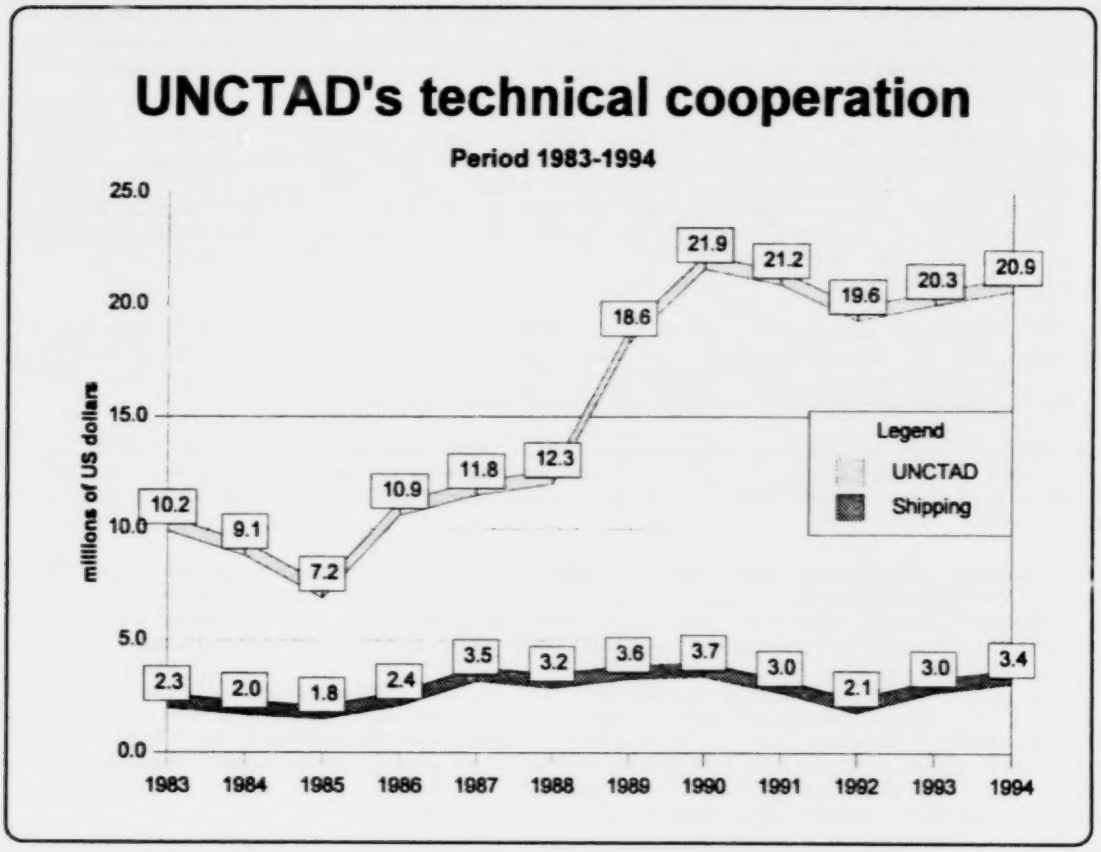
[6] Agreed conclusions 421 (XLI): Review of technical cooperation (TD/B/41(1)/14 Vol.1).

II. CURRENT TECHNICAL COOPERATION ACTIVITIES

A. Background

14. Technical cooperation has been a prominent feature of UNCTAD's work in shipping, ports and multimodal transport for more than 20 years. These activities are financed almost entirely In particular through extra-budgetary funds provided on a programme or project basis. Figure 1 shows the evolution of technical cooperation activities over the past 12 years. Although there has

Figure 1: Evolution of UNCTAD's activities



been a slight increase in the volume of technical cooperation in the maritime sector during this period, the figures mask a significant change in the mix of activities. In effect, there has been a marked decline in the number of projects in the maritime sector being handled by UNCTAD. However, this shortfall has been more than made up in value terms by a new programme which has developed, and is now introducing in a number of countries, an Advance Cargo Information System to keep track of goods as they move along the transport chain.

B. Shipping

15. In view of the crucial importance of efficient ocean shipping services for the transport of the vast majority of international trade, the economic, operational and commercial aspects of maritime transport are of direct concern to developing countries which are dependent upon such services for their imports and exports. UNCTAD has provided advice and management assistance to a number of countries and subregional groupings of countries on:

- the economics and management of shipping including the feasibility of establishing or expanding national or multinational merchant marines and shipping services based on analysis of national and regional maritime transport requirements;

- the management of shipping companies including corporate planning and fleet operation and management;

- freight rates and conference practices including advice on the implementation of conventions negotiated under UNCTAD auspices, particularly the Convention on a Code of Conduct for Liner Conferences, and on the operation of freight markets; and

- assistance to shippers including advice on the establishment and operation of shippers' councils and of effective consultation machinery between the users and suppliers of shipping services.

C. Ports

16. Apart from the small fraction of international trade which travels by land transport or air, the rest transits through seaports. Users have relatively little choice of port although the availability of adequate facilities and service can dictate whether certain trades are conducted or not. A loss of trade due to inadequate ports is not always visible, yet can have a crippling effect on national development. This has been reflected in UNCTAD's studies and translated into action through technical cooperation projects such as those implemented to combat port congestion.

17. Since port costs, including the cost of ships' time in port, constitute a significant proportion of the transportation costs of international shipments, port efficiency is an important key to the reducing of transportation costs necessary for the stimulation of world trade. During the past 12 years UNCTAD has executed over 30 national and subregional port projects on:

- port planning including economic feasibility studies, impact of technological changes in shipping, statistics and performance indicators;

- port administration and organization including legislation and regulations, financial management, cost control, port pricing and management information systems; and

- port operations including methods of improving port productivity, equipment operations and maintenance.

18. The evolution of international trade, and of the shipping activities associated with it, put the port in a position to play a wider role than in the past, allowing it to become a service centre and one of the driving forces in the development of trading activities of a country or a region. UNCTAD is now ready to advise countries on the marketing of new activities and services in the port area such as free-zones, industrial and commercial activities and warehousing and distribution.

19. The most important project currently being executed by the division is the rehabilitation and management of ports in Somalia. In June 1993 a five-man team was fielded to take over from the United States military the administration and

management of the port of Mogadishu. In 1994 a ports and transport unit was established to advise, initially the United Nations Operation in Somalia and later the future Somali Government, on all aspects of port policy. An UNCTAD team temporarily managed the port of Kismayu and ad hoc assistance provided for the rehabilitation of the ports of Berbera and Bosasso. At the time of writing arrangements are being made to transfer the management of the port of Mogadishu to the Somali counterparts in conformity with the termination of UNOSOM activities and to establish a Board of Directors for the port of Berbera in cooperation with the European Union's Office for Somalia.

D. Multimodal transport

20. Projects executed by UNCTAD in the field of multimodal transport cover the promotion of international trade through supporting transport operations and are aimed at recommending and implementing measures to facilitate trade flows and improve national transport activities. The underlying principle of these projects is that international transport operations can be best performed in the context of multimodal transport. This concept, which emerged from the "container revolution", has grown rapidly over the last decade in developed countries and is now being applied to trades involving developing countries as well. Although simple in concept, this door-to-door movement of goods performed under the responsibility of a single transport operator, is currently being conducted almost exclusively by operators from developed countries. Among the reasons for this is the lack of preparedness of governmental and commercial parties in developing countries, a lack of regulations concerning multimodal transport and a poor level of understanding of multimodal transport and its influence on national transport capabilities and economies. In order to allow for a gradual implementation of the necessary measures, UNCTAD is offering technical assistance to a number of countries through projects which are implemented in three phases:

- first, the identification stage which comprises a review of the existing situation regarding transport and trade regulations, documents and procedures, the identification of the possible measures to be introduced, the bodies to be involved and the critical path for consequent institutional reforms. In addition to recommending various measures on trade and transport, this stage will also create a Trade and Transport Facilitation Committee to monitor their implementation. All interested parties in international trade and transport, from both the private and the public sector, should be represented in this committee;

- second, assistance in the drafting of new regulations, documents and procedures regarding trade and transport; proposals to carry out suggested administrative changes through existing or exceptional channels (e.g. the committee mentioned above); preliminary analysis and action where appropriate, for the installation of UNCTAD's Automated System for Customs' Data (ASYCUDA); and

- third, implementation and execution of proposals on trade and transport formulated in the previous phase.

This scheme has been used in the execution of projects in Benin, Colombia, Ethiopia, Mozambique and Pakistan and is being proposed for the execution of projects in a number of other countries.

E. Maritime legislation

21. The secretariat is advising on the updating and harmonization of maritime legislation at both national and subregional levels in order to provide a modern legal framework for more effective maritime transport. Recent projects include:

- assistance to the Ministerial Conference of West and Central African States in the harmonization of maritime legislation through the preparation of guidelines and recommendations;

- drafting of a new maritime code for Ethiopia appropriate to its new status as a land-locked country;

- reviewing the draft maritime code of Côte d'Ivoire; and

- providing advice in economic and commercial maritime law as part of an IMO-executed project to modernize the maritime legislation of Central American States.

F. Advance cargo information system

22. It was in 1984, when large parts of Africa were suffering from an acute drought, that UNCTAD launched an initiative to diagnose the existing situation in a number of African transport chains and to identify the obstacles - both physical and non-physical - to improving the flow of cargo. This triggered off efforts to introduce logistics management on a more routine basis which, in turn, led to the concept of a system to provide information on the whereabouts of cargo in advance of its arrival at each interface: hence the title Advance Cargo Information System (ACIS).

23. ACIS has four components, each tracking cargo on a mode or interface: port, road, rail and lake. They in turn have main modules performing different, but inter-related functions, particularly with regard to statistics and performance indicators. A Backbone Information System will eventually link the transmission of transport data across national boundaries. The following information is provided by ACIS:

- improved information to help control the operations of individual transport operators;

- advance information on the movement of individual consignments, providing the opportunity to transport managers to plan the optimum use of transport networks, equipment and standing facilities, leading to improved transit times for goods;

- a database facility available to any party registered as having an interest in a consignment and its transportation, providing them with the latest reported location and status of goods and transport equipment;

- a database for rational corporate planning by transport operators; and

- a long-term record of transport movement data to build up national and subregional databases and to permit governments and other organizations to analyse national, subregional and regional problems in order to investigate alternative investment opportunities in the transport sector.

24. This programme started in Africa in 1987 and, at the request of users, efforts have been concentrated on developing and implementing the rail and port tracking modules and, more recently, the lake tracking module. The road tracking module will follow. RailTracker, the module which tracks cargo on railways, is currently operational on thirteen African railway networks and PortTracker, the module which tracks cargo into and out of ports, is operational in two African ports. A proposal for the installation of all the ACIS modules in Burundi, Kenya, Rwanda, United Republic of Tanzania, Uganda and Zambia was approved by the European Development Fund in September 1994. This project, which will be executed jointly by the Common Market of Eastern and Southern Africa (COMESA), formerly PTA, and UNCTAD, will commence in the second quarter of 1995.

25. The overall objective of ACIS is to foster subregional integration and partnership with transport clients; this will promote international trade by providing transport operators with an information management tool enabling them to increase performance, reduce costs to shippers and enhance capacity and the competitiveness of trade. The benefits of ACIS can initially be quantified on a modal basis as the system is progressively installed on all modes and then interconnected with adjacent countries.

III. HUMAN RESOURCE DEVELOPMENT

A. Background

26. UNCTAD has been involved in maritime management training since the early 1970s. During the early years most of this training was aimed at senior management and government officials. Courses and seminars, varying in duration from one week to two months, were conducted on various aspects of ports and shipping management. During the period 1972-1978 some 50 training programmes were conducted and over 1000 port and shipping managers and government officials participated in an UNCTAD training programme.

27. In 1978 the results of two separate exercises changed the course of the secretariat's HRD activities. The first was the conduct of a survey that examined maritime management and the training requirements of developing countries. The second was the conducting of a follow-up seminar to the first four English-speaking training courses in port management, which took place in June 1978, part of which was devoted to an evaluation of the training needs of ports in developing countries. The principal conclusion to emerge from these two exercises was that, whilst UNCTAD's efforts to train government officials and the more senior levels of management of ports and shipping companies in developing countries, were widely appreciated, and should continue, there was a serious, unfulfilled need for the training of middle and junior levels of management.

28. The survey, conducted by UNCTAD in 1978, estimated that the number of management personnel in the maritime sector of developing countries which needed training amounted to 78,000 persons. Of this total, less than 10 per cent had received any formal training for the jobs they were called upon to do.

29. The scale of the problem was simply not compatible with the resources of an organization like UNCTAD which can only conduct courses for 25 participants at a time. The problem needed to be seized by the developing countries themselves and training provided through specialized training centres within the transport sector at the national or subregional level. Since few countries were in a position to meet the demand of this type of training, assistance was needed in:

- developing and up-grading the capability of local, national, and subregional training centres;
- providing training materials for such centres;
- training the instructors; and
- training and encouraging local staff to develop their own training courses to overcome local organizational problems.

Consequently, in 1980, UNCTAD embarked upon a programme of action to help developing countries tackle their management training problems in shipping, ports and multimodal transport.

B. TRAINMAR

30. The cornerstone of UNCTAD's training activities is the TRAINMAR Programme which was established in order to strengthen local, national and subregional training centres in developing countries, so that they could become able to design and conduct their own training effectively. This programme was initiated in 1980 through a technical cooperation project funded by UNDP which enabled UNCTAD to introduce a system with two key features:

- a standard approach to training which new or existing training centres could adopt to ensure that training is effective; and

- arrangements for cooperation among training centres so that course development efforts, training programmes, experience and even personnel may be shared for the benefit of all.

31. The training approach covered the design and delivery of training as well as its management, so that professional standards could be attained in all these domains at local centres, as well as laying the foundations for cooperation among different centres. After a suitable methodology was selected, manuals describing it were prepared for use by personnel at any training centre; it was also incorporated into a series of workshops through which potential trainers could learn to apply the methodology. The arrangements for cooperation were based on regional or subregional networks, of which there are currently eight, grouped in turn into a global TRAINMAR network.

32. Since 1980 activities such as development of the system and coordination of ensuing activities, have been undertaken by a central team working at UNCTAD headquarters in Geneva, and training centres interested to do so have progressively joined and enlarged the network. An inter-regional project funded the central team, regional projects funded introduction of the cooperation arrangements, while national projects funded introduction of the approach at individual centres if they needed significant help. By 1988 there were 23 centres cooperating in the global network and most of them were operating without direct project assistance. At that stage, the UNCTAD secretariat agreed to take over coordination of the activities while the individual centres undertook to continue their activities and to support their own regional arrangements.

33. A distinction should be drawn from then on between the programme, which is the support mechanism put in place by UNCTAD, and the network, which comprises all participating centres as well as programme staff. The TRAINMAR programme is now a regular part of UNCTAD's activities and involves support to the global network in the following ways:

- expansion of the network, permitting all interested centres to benefit, expanding mutual benefits, and drawing in centres with a special contribution to make;

- development of the techniques, to encourage greater professionalism in training and HRD;

- preparation and distribution of courses for general use, where common needs have been expressed;

- quality control, regarding the pedagogic and technical quality of course materials as well as the conduct of training (which can be reviewed through delivery reports submitted voluntarily by centres);

- diffusion of information and coordination of activities inter-regionally, so that efforts deployed regionally under local network initiatives can be shared with other such networks;

- impromptu advice to centres and contacts in the maritime sector, both in the identification of training needs and in applying sound solutions; and

- seeking funds in support of any of the above activities that extend beyond the scope of UNCTAD's regular budget.

A Central Support Team (CST) based in the secretariat is responsible for these tasks, in close cooperation with technical specialists within the secretariat.

34. Between 1988 and 1994, the network continued to grow to embrace more than 50 centres, several of them in industrialised countries and with contacts opening in countries in transition. Many of the new centres were able to join the network without the benefit of a national project due to the support now available from existing members and occasional, but opportune, assistance through regional projects.

35. During 1994 the programme was executing 14 projects with an expenditure of almost $1 million over the year. TRAINMAR projects tend to be smaller than those seen elsewhere. This is a deliberate feature of the programme since inputs are envisaged only to supplement local skills. Most of the recent effort was for extending the work of TRAINMAR either geographically (e.g. in Eastern Europe, Latin America and Southern Africa) or technically (e.g. with regard to HRD policies). The exceptional feature of this programme is that it is very small in comparison with the activities conducted through the network. Most national activities and much regional activity is conducted without prior reference to the CST. The assistance provided by the secretariat is focused mainly on complementing the efforts deployed within countries associated with the network, from where most of the effort is provided and most of the initiatives come.

36. Further benefits which stem from this system are that links are established between the secretariat and institutions in developing countries, offering opportunities for exchange of information in both directions. In particular, centres of the network offer an immediate outlet for implementation of all the training initiatives outlined in following paragraphs. Further, the establishment within the secretariat of staff specialised in training and HRD offers the opportunity for UNCTAD outputs to be translated into action through well focused training activities.

37. In practice, UNCTAD was not able to establish the programme entirely in phase with the reduction in project finance for central activities. There has always been a time-lag which, in view of the concurrent expansion of the network, led to inevitable shortcomings. The transition was due to be completed early in 1995 and the secretariat expects activities to proceed more effectively in future.

C. Other training activities

38. In parallel with the training programmes being produced by developing countries' training centres under the TRAINMAR Programme, the Services Development Division uses a similar methodology to develop, centrally, validated training materials for two types of training programme:-

(a) Policy seminars comprising those seminars or workshops developed by, or under the close supervision of, the secretariat with the aim of disseminating the results of UNCTAD's research to policy makers or encouraging the implementation of international legal instruments negotiated under UNCTAD auspices. Such seminars would normally be conducted either by UNCTAD staff or by selected consultants.

(b) Senior/middle level management courses and seminars consisting of centrally developed training programmes to meet the needs of senior/middle level management in ports. shipping companies, multimodal transport organizations, etc. Most of these are materials-based, comprising audio visual programmes, trainee workbooks and instructors' guides, which are translated into various languages. The courses may be delivered initially by UNCTAD staff, but then local instructors are selected and trained to conduct them in their own countries. The centres of the TRAINMAR network are a natural outlet for these training programmes.

39. In the ports field a major initiative was taken, through the Improving Port Performance (IPP) project, to develop three training programmes between 1983 and 1990.

IPP-1: A 4-week course entitled "Management of General Cargo Operations" which provides a basic course for traffic officers, quay and shed superintendents, etc. from port authorities and stevedoring companies. The object is to train this level of management to become better equipped to plan and organize the handling of cargo in ports, making the most efficient use of available resources. This course has been translated

into French, Spanish, Portuguese, Arabic, Chinese, Korean and Bahasa (Indonesia) and 238 instructors from 61 countries have been trained to conduct it. It has been conducted over 300 times in some 50 countries since 1983.

IPP-2: A 4-day seminar for senior officials on "Container Terminal Development Policy" which discusses the key factors underlying physical and organizational decisions relating to the development of container handling facilities. This seminar, available in English, French and Spanish, has been conducted some 50 times in over 20 countries since 1986.

IPP-3: A 4-day seminar for senior officials on the "Management of Port Equipment" providing a broad review of institutional, organizational and management issues relating to equipment ownership, procurement strategies, selection techniques and maintenance. Ten deliveries have taken place since 1990.

The materials for the above training programmes have been used even more widely as support for a variety of other courses designed locally, particularly in TRAINMAR centres.

40. Based upon research conducted in 1990 and 1991, a policy seminar on "The Challenge of the Third Generation Port in Africa" has also been developed which explores the threats and opportunities facing African ports in the light of changes to the technological and commercial environment in which international trade is currently conducted, and the need for the port to become a logistics platform for the countries' foreign trade.

41. Steps are currently being taken to develop, under the joint supervision of the TRAINMAR programme and the Ports Section, a training curriculum in port management to enhance the multi-disciplinary skills of middle managers. This training programme, leading to a certificate, will be implemented through the TRAINMAR network, but it is also designed to be integrated into academic courses run by interested universities.

42. A shipping course entitled "Strategic Planning Workshop for Senior Shipping Management"(STRATSHIP) has been developed by the secretariat in collaboration with the Norwegian Agency for Development Cooperation and the Heriot Watt University in the United Kingdom. A unique feature of this workshop is a computer-based management simulation game which introduces managers to the complexities and trade-offs involved in the strategic decisions which need to be made in running a successful company. Over 20 deliveries of this workshop have been conducted by the secretariat since 1988 with at least a similar number conducted through the TRAINMAR network or in shipping organizations by instructors trained by UNCTAD.

43. During deliveries of this workshop UNCTAD has received repeated requests for a strategic planning course for the bulk sector (STRATBULK). Bulk cargo represents more than two-thirds of the world shipping industry and is particularly important for developing countries since 93 per cent of their exports are carried by tankers and dry bulk carriers. Moreover, developing countries bulk fleets have expanded dramatically, rising from 11.5 million dwt in 1980 to over 64 million dwt in 1992 - a 450 per cent increase over 12 years.

44. The development objective of STRATBULK would be to improve the management performance of bulk shipping companies in developing countries and countries in transition. Such a workshop would allow shipping managers to:

- understand the role of strategic planning in bulk shipping;
- learn the techniques for developing a strategic plan;
- apply the methodology through a simulated management situation in the dry bulk and tanker sectors;
- appreciate and analyse the results of strategic decisions; and
- improve the profitability of the company.

45. Training materials have been developed for a suite of workshops to disseminate to government officials the concepts of multimodal transport and the benefits to be derived from its introduction in developing countries. There is a five-day workshop for senior officials, a three-day version for top officials and a recently-completed one-day version for ministers. All cover, in different degrees of detail, legal aspects, trade facilitation and the regulatory measures needed to introduce multimodal transport in a country. There is also a workshop specifically designed for potential multimodal transport operators which explains, among other things, the changes required in the set-up of an organization in order to effectively carry out multimodal transport operations. A total of 2400 participants have taken part in one or other of these workshops since 1984.

46. On the legal side, training materials have been developed for a one-week course on "Maritime Documentary Fraud" which is addressed to state trading organizations, importers, exporters, banks and government departments which supervise trade. The course discusses the various types of fraud being perpetrated and how to negotiate contracts to minimize risks.

47. In addition to the above activities, certain more conventional training continues to be conducted by the secretariat. A seminar on Container Terminal Management is conducted on an annual basis with the Antwerp Port Engineering and Consulting, a seminar on The Commercial Role of Ports with the Port of Ghent, and a series of colloquia is being organized with the Baltic and International Maritime Council (BIMCO) on Charter Parties and Ship Finance.

48. Finally, in 1989, UNCTAD embarked upon an on-the-job training initiative - JOBMAR - the objective of which is to transfer up-to-date management techniques to senior/middle managers by providing them with an opportunity to work on-the-job in countries with a more advanced maritime sector. Assignments last about 2-3 months with positions tailored to the specific needs of the trainee. Since JOBMAR placements take a considerable amount of effort to arrange, this type of training is reserved for a few hand-picked candidates each year.

49. Although, for convenience of presentation, technical cooperation and HRD are discussed in separate sections of this report, all technical cooperation projects contain a training component which typically accounts for about 10-20 per cent of the project budget, but can be much more. At the project preparation stage, careful consideration needs to be given not only to the probable training needs but also to the manner in which these needs could best be met. Projects will be more successful to the extent that advice on more efficient ways of carrying out a particular activity goes hand-in-hand with training. But training may have to go beyond the managers or staff who will implement new practices or procedures: policy makers and senior managers of the organization, and possibly other organizations which interact with it, also need to be sensitized to the need for change. This can often be done most effectively through management workshops.

50. There has, in the past, been a tendency for project managers to handle this project-related training in their own way. While this has by no means proved disastrous - indeed the variety of approaches used has certainly enriched the division's collective experience - the time has come to pool this experience and implement a more harmonized approach to this training. A decision has been taken to finance from UNCTAD's regular budget a post of maritime training advisor within the TRAINMAR programme. This person, when appointed, will be available to advise and assist in both the formulation and the implementation of the training components of all technical cooperation projects being executed by the Division.

IV. PROGRAMME FINANCING AND MANAGEMENT

A. Sources of finance

51. The United Nations Development Programme (UNDP) has been the traditional source of finance for much of UNCTAD's technical cooperation activities and, although shipping and port projects probably benefitted more than most from funding by other donors, UNDP finance accounted for more than 80 per cent of project funding until 1990. Since then, however the funding pattern has changed dramatically. UNDP funding has declined, particularly that available for regional projects. The most striking reduction has been the amount available from the regional programme for Africa which was UNCTAD's largest single source of funds in the late 1980s. During the period 1987-1990 some 30 per cent of the funding for the division's technical cooperation activities came from the UNDP regional programme for Africa. By the end of 1994 this had fallen to zero.

52. Fortunately this shortfall in UNDP funding has been made good by increased funding from other donors, principally the European Commission and the Governments of Belgium, France and Germany. There has also been an increase in the number of projects being financed by the developing countries themselves through World Bank loans. Donors other than UNDP currently provide almost 50 per cent of project funding and this could well increase to 60 per cent in 1995.

53. This shift in project funding has an impact on the financial management of projects. Current procedures for financial reporting are based on UNDP's requirements. But other donors' requirements are often different and this has resulted in certain difficulties in both the negotiation and the implementation of financing agreements. One difficulty has been an element of incompatibility between the financial regulations of the United Nations and those of donor agencies. A particularly knotty problem, relating to the access the European Commission's auditors may have to financial records of the United Nations, which had been a long-standing impediment to the acceptance of certain contributions from the Commission, was resolved only in December 1994. Other problems are being resolved on a case-by-case basis, but this is time-consuming and has led to delays in the execution of a number of projects and even threats of cancellation. The time may be ripe for a re-examination of financial and administrative procedures to ensure that they tie in more with donors' requirements.

B. Initiation of projects

54. Technical cooperation projects originate in a variety of ways. Many national projects are initiated as a result of spontaneous requests for assistance from governments, or directly from organizations in need. It can be deduced that there is a general awareness of the areas in which UNCTAD can help, based in part upon the secretariat's technical reports or its training courses, and upon information made available in its newsletters or its brochure on technical cooperation. A mission to the country will usually be needed, in order to examine the precise nature of the problems faced and to offer on-the-spot advice. In cases where the assistance required is more substantial than that which can be provided during a short visit, the mission will go on to identify the technical assistance requirements for addressing the problems thoroughly, to formulate a project proposal for such assistance, and to explore possibilities for project funding.

55. During most of the 1970s UNCTAD had two full-time inter-regional advisors specializing in maritime affairs, who were able to undertake such visits to developing countries. This Inter-regional Advisory Service was financed by the United Nations Development Programme (UNDP), but after 1979 was renamed Sectoral Support and the maritime element was progressively reduced in scale such that now only about 60 per cent of one advisor's time can be devoted to maritime issues. Although the same funds may be used occasionally to finance the travel of a member of UNCTAD's regular staff to respond to a particularly urgent request, most initial visits are conducted only when they can be arranged in

conjunction with travel for other purposes; inevitably this often prevents response being provided in reasonable time.

56. Even when missions can be arranged in good time and the problem calls for assistance through a project, the proposal may not attract priority rating at national level. Donors normally respond to government requests, so even when a project appears valuable for the maritime sector, it may not be followed up with a donor if the government does not accord it priority relative to proposals in other sectors. This issue would normally be taken up locally after the mission and the outcome is beyond the control of the secretariat.

57. Many inter-country projects, and a few national projects, originate as a result of initiatives of the secretariat. This raises a possibility that a project may go ahead primarily because UNCTAD and the donor believe in the benefits, but with only passive acquiescence of the government or the host organization. This is dangerous because officials and staff of the host organization are unlikely to demonstrate the commitment necessary for successful technical cooperation unless they really believe there are institutional, operational or policy problems which require help from outside. Such projects ought to proceed only after measures have been taken to ensure that staff concerned are convinced of the benefits.

C. Project management

58. Following the receipt of a request for technical assistance from a government and possibly a visit to the country, a staff member with the necessary language qualifications and experience related to the subject matter is designated to formulate a project proposal for consideration by the government and eventual submission to a potential donor. Such a document may go through several revisions before the project is finally accepted by a donor: indeed, with the decline in UNDP funding over the past few years, a good deal of time has been spent preparing proposals which failed to secure funding. Once a proposal is accepted for financing it is this project officer who prepares the detailed work plan, who evaluates potential candidates for consultancy assignments, who briefs them before they go into the field, who maintains contact with them during their assignment and who visits the country as required for periodic reviews of the project with the government. Prior to 1980, i.e. before TRAINMAR got underway, all technical cooperation projects were back-stopped by staff of one of the four sections of the (then) Shipping Division - Shipping, Ports, Multimodal Transport or Maritime Legislation. These staff handled technical cooperation projects in addition to conducting research and it was this dual role which helped ensure the cross-fertilization between research and technical cooperation which was mentioned earlier.

59. This approach is not without its problems, particularly with regard to the priority attention field projects call for, and these have been aggravated over the past few years as a result of changes to the arrangements for the management of technical cooperation. Up until 1988 the management of technical cooperation projects was shared between project officers, who were responsible for the "technical backstopping of projects", and a Technical Cooperation Service, which handled administrative and programming aspects. In 1988 this Technical Cooperation Service was abolished and new arrangements were introduced which delegated to substantive divisions additional programming and administrative responsibilities.

60. While these new arrangements were welcome, the increased responsibilities were not matched by increased resources. Indeed, the division took over these new duties during a period of retrenchment when staff resources were actually reduced. The preparation and management of technical cooperation projects is time-consuming. Gone are the days when projects consisted of just recruiting one or two experts and putting them in the field for a couple of years. Projects are now more complex and greater use is made of short-term consultants. This approach is beneficial in a number of ways - it is more cost-effective and allows greater cross-fertilization between technical cooperation and research - but it

does involve considerably more management effort and, for those project officers who have to divide their time between project management and the more traditional secretariat activities, it can have an adverse effect on the timely preparation of documents for meetings and jeopardize the quality of both research and technical cooperation. This, coupled with the reduction in resources available for project preparation, has led to a decline over the past few years in the volume of technical assistance handled by the sections.

61. There would appear to be two alternative solutions to this problem:-

(a) Ensure that increased volumes of technical cooperation are matched by corresponding increases in staff resources, financed either specifically from the project budgets, or from part of the "overheads" which technical cooperation activities generate; or

(b) Limit the volume of technical cooperation by the application of more stringent acceptance criteria.

62. The first alternative seems the more logical and, in fact, the policy review of technical cooperation carried out in 1994 came up with a recommendation along these lines. The Trade and Development Board has agreed that "... the secretariat should make arrangements to ensure that an appropriate share of the support costs received by UNCTAD for project execution is allocated to the substantive division or programme concerned in a transparent and equitable manner."[7] At present, however, it is primarily those parts of the division which are *not* involved in research and policy analysis that are prepared to devote time to the preparation and promotion of proposals for technical cooperation. The effect of this is a gradual change in the mix of the division's technical cooperation activities, albeit more by default than design. ACIS and TRAINMAR each now account for over 25 per cent of the division's activities. The port project in Somalia accounts for a further 25 per cent, with the remainder representing less than 25 per cent.

63. The complex nature of project management creates potential conflicts with regard to:-

(a) administrative procedures for such things as purchasing or for obtaining services or expert travel, which are adapted to the needs of regular secretariat activities rather than the time-sensitive needs of technical cooperation; and

(b) the need for up-to-date and accurate financial information for project management.

As mentioned in paragraph 53, there may be justification for re-examining procedures.

V. INTER-AGENCY COOPERATION

64. UNCTAD collaborates with a number of organizations within the United Nations system in carrying out its technical cooperation activities. As far as shipping and ports are concerned, two other organizations - the International Labour Office (ILO) and the International Maritime Organization (IMO) - also have mandates in this field. UNCTAD's assistance focuses essentially on the economic, commercial and legal aspects whilst ILO deals with employment and social issues, and IMO with technical and safety aspects. In 1989 the executive heads of ILO, IMO and UNCTAD established a joint working group, initially to co-ordinate action in port training. The terms of reference of this group are:

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[7] Report of the Trade and Development Board on the First Part of its Forty-first Session, TD/B/41(1)/14. (Vol.1).

- to review the technical cooperation programmes of the three organizations in the field of port training; and
- to identify areas for increased collaboration and possible joint action.

65. Closer working relationships have developed among the three organizations, not only in port training but also in other areas of common concern, in order to avoid possible duplication of effort and ensure the most efficient utilization of the three organizations' scarce resources. UNCTAD and ILO are currently conducting joint HRD activities in Asia and Latin America, whilst UNCTAD and IMO are jointly executing a project on maritime legislation in Central America. The UNCTAD secretariat is also providing inputs of approximately three man-months per year to the education programme of the World Maritime University.

66. A new idea for cooperation between UNCTAD and IMO which is gaining momentum is in relation to activities to help protect the environment in coastal areas through implementation of the polluter paying principle. The idea is that UNCTAD would design the commercial framework for generating resources for the installation of waste disposal facilities while IMO would look into the technical aspects. As a contribution to sustainable development in coastal zones, joint educational programmes might also be developed. Inter-agency discussions are underway with a view to formulating a joint programme for submission to potential donors.

67. Some of the joint activities mentioned also involve members of the TRAINMAR network. Members of the Asian region have cooperated with ESCAP in the development of a standard course on freight forwarding which has subsequently been made available to members in other regions. UNCTAD maintains regular contacts with other organizations running cooperative training networks such as the International Civil Aviation Organization and its TRAINAIR programme.

68. UNCTAD also collaborates with the United Nations Economic Commissions, particularly ECA and ESCAP, in relation to the Transport and Communications Decades in these regions. For the African Decade UNCTAD chairs a Sub-Sectoral Working Group on Shipping, Ports, Inland Waterways and Multimodal Transport which, in preparation for Decade activities, analysed the problems in the above subsectors and proposed strategies for their solution. On behalf of the working group, UNCTAD has produced a brochure to disseminate these strategies to African Governments, subregional organizations and the providers and users of transport services. In addition, a presentation, complete with visual aids and a lecturer's guide, was prepared for use by ECA and other members of the working group in subregional workshops and conferences convened to discuss transport issues.

69. UNCTAD is cooperating with both ESCAP and ILO in relation to the Transport and Communications Decade for Asia and the Pacific. With ESCAP, UNCTAD is providing guidance on the removal of non-physical obstacles - logistic, procedural and legal - to intra-modal transport both within countries and across frontiers. With ILO, UNCTAD has conducted a survey of HRD and training needs in ports in Asia in 1994 and, together with representatives from the region, an action plan has been developed to promote HRD in ports of the region.

70. Close collaboration also takes place with the World Bank, particularly in the field of transport logistics. A joint World Bank/UNCTAD document entitled "Trade and Transport Facilitation Guidelines" is under preparation, the objective of which is to enhance the international competitiveness of Sub-Saharan African economies through improved efficiency of their land-transport and maritime transport services, and through increased cooperation and regional economic integration. Five of the national technical cooperation projects being executed by UNCTAD in 1994 were financed by the recipient country through World Bank loans.

71. Finally, UNCTAD has been collaborating with the United Nations Operation in Somalia (UNOSOM) and the World Food Programme (WFP) in relation to the project in Somalia. At present UNCTAD acts as the port authority in Mogadishu while WFP acts as the port operator.

VI. BENEFITS OF THE PROGRAMME

A. Impact measurement

72. The purpose of technical cooperation activities is to bring about change. Whether this be the introduction of new systems or simply a change in attitudes or approach, the change has a purpose and an intended impact. Unfortunately, measurement of impact is fraught with problems. It is therefore very difficult to judge the effectiveness of technical cooperation, and so to use such observation to improve standards.

73. Several factors contribute to this difficulty; in particular, technical cooperation activities are usually undertaken to complement, or face up to, changes already under way - for instance to cope with a new technology or to minimize the effects of a newly identified problem. If levels of performance are measured as the activities proceed, their apparent effects may be either amplified or nullified by other changes. No measure will be reliable and a judgement on the activities will be subjective. Also, technical cooperation is often intended to produce a cumulative long-term effect, which is difficult to distinguish from other trends and certainly can be magnified or masked by independent changes.

74. Both these factors are particularly relevant with regard to HRD and training. It is rare that improving the knowledge or abilities of an individual will improve performance demonstrably unless the framework in which the individual works is adapted accordingly. This is why it is vital to have an HRD policy to ensure that training responds to a management-inspired need.

75. While some sort of evaluation is a common feature of projects, whether as an integral part of the project or as an independent exercise, it tends to be either a review of satisfaction levels among those involved or a study of factors that might have hindered the project. In the first case opinions are rarely objective, tending to avoid delicate issues; whilst in the second, results may be valid and useful but remain superficial and very much dependent on the assessor chosen.

B. Findings of programme evaluations

76. Three of the division's programmes, ACIS, TRAINMAR and IPP, which together account for over 50 per cent of the total programme, have been subject to independent evaluations in recent years.

77. An appraisal of ACIS, commissioned by the European Commission and carried out by the United Kingdom consulting firm Transmark in 1993, concluded that,

> "ACIS provides appropriate technology and is technically sound, which if properly implemented and managed will satisfactorily and efficiently address operational problems identified in Africa. ACIS will also serve as a foundation for many other added value systems which will be of great benefit to African transportation operators and their clients."[5]

78. But the potential benefits, however great, can be jeopardized by major risks and UNCTAD's experience shows that great care must be taken to contain these risks. The first is that all levels of staff using ACIS must be able to use the information provided to remedy deficiencies and to plan improvements. Unless they do this the benefits will be wasted. Hence appropriate training is vital.

79. With regard to TRAINMAR, an in-depth review of both the programme and a cross-section of network activities was conducted by independent consultants in

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[5] ACIS Appraisal Study for the Preferential Trade Area for Eastern and Southern African States submitted by Transmark, November 1993.

1989. This was shortly after UNCTAD had taken responsibility for the programme and one of the objectives was to identify those weaknesses that would need attention from UNCTAD and network members to ensure sustainability of the system that had been established with project support. The main conclusion was as follows:

> "This evaluation study has indicated that TRAINMAR has, by and large, achieved its principal developmental objectives - the various networks exist and the individual centres, to a greater or lesser extent, have established a presence. In performance terms, too, many (but not all) of the programme's outputs have been achieved. In addition, the Programme has contributed to many unspecified, training related activities and has generated considerable benefits in addition to the outputs detailed in the project documents."[9]

80. Although the TRAINMAR approach embodies a certain discipline of reporting and evaluation which has enabled programme staff to measure some aspects of performance, there has been no subsequent external review except for isolated project evaluations such as the one conducted at the end of the first phase of a French-funded regional project for Caribbean states. This and others conducted at the termination of projects have been consistently favourable about the results achieved during the project, but have not been able to assess the longer term effects.

81. The detailed findings of the evaluation study were the basis for an action plan that was then prepared by UNCTAD, so that its own contribution and that of members could be reinforced and so ensure sustained operation of the network. This action plan was intended to set up a support mechanism that would make up for local technical weaknesses, progressively raise local commitment, and provide incentives to reduce staff turnover while providing opportunities to transfer experience to replacement staff. It is now clear that this support mechanism must continue for a long time if these objectives are to be sustained. While this can be justified by the large number of countries involved and the high potential of the resulting network, the cost of such follow-up to an ordinary project would be prohibitive.

82. It is clear that the requirements set out in paragraph 29 have been met. Local training programmes have been established together with the means to expand and improve them. However, it is equally clear that measurable and lasting efforts depend on many factors. The CST is now giving particular attention to the relationships among training centres and client enterprises, and especially the establishment of HRD policies to ensure that training is seen to satisfy corporate objectives and therefore attracts the necessary local support.

83. The evaluation of the IPP-1 course on the Management of General Cargo Operations assessed the training material against several criteria, including its relevance to trainee job needs, its quality, the comprehensiveness, depth and accuracy of its technical content, ease of use by trainers and ease of understanding by trainees. The conclusion reached was that the course had met its objectives for the training of junior and middle managers and it had strengthened the self-confidence of participants. At the same time, the importance of adapting the course to local conditions was stressed. In those ports where the course had been fully supported by senior management, one could identify measures which had been taken to implement the new knowledge gained from the course.

84. Although the primary reason for promoting pre-prepared training packages like IPP-1 is that they respond well to clearly identified needs, the approach is also cost-effective. It is estimated that, between 1983 and 1989, some 5000 middle managers in over 50 countries attended this course or parts of it.

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[9] Report of the Joint UNDP/UNCTAD Evaluation of the TRAINMAR Programme prepared by Dr. B.J. Thomas and Professor P. Bauchet (1989).

A 4-week conventional training course for 20 participants, which would be unlikely to match training needs as well as these thoroughly researched course materials, can cost up to $40,000 to organize (excluding participant's travel costs), say $500 per trainee-week. The development of the 4-week IPP-1 course, the production of 200 sets of the materials in eight languages, the training of over 200 instructors and the assistance provided in first-time deliveries cost a total of $1.7 million. If this is divided by the 20,000 person-weeks of training which resulted, however, it works out at an internationally contributed cost of only $85 per trainee-week. Since this course continues to be conducted the cost per trainee-week continues to decline.

C. Sustainability

85. The ultimate test of the effectiveness of a technical cooperation project is not whether it improved the situation during the life of the project but whether these improvements are sustainable and built upon once the project finishes. Unfortunately this is even more difficult to assess than to measure impact during and at the end of a project. However, some judgement can be made on the success of projects and, for those projects which did not fully realize their objectives, a number of reasons can be suggested.

86. The main thrust of UNCTAD's HRD activities is the creation and strengthening of local training capacities and making these sustainable through self-supporting networks. Looking at the current performance of training centres which have been recipients of technical assistance the record is mixed. Happily, some are thriving and continuing to develop and conduct training to meet the changing needs of the organizations they serve; others appeared to do well for a while but then fell into a routine of merely continuing to deliver existing courses without consideration of the changing needs of the clients and not therefore having much impact on the client organizations' performance. There are even a few centres that received assistance in the past but which seem hardly to be functioning today.

87. No general answer can be given to the question of why so few training projects are wholly successful with regard to the important objective of sustainability. However, on the basis of UNCTAD's experience, the following possible causes can be cited.

(a) Few organizations have an HRD policy and therefore the objectives of training centres are often not shared by the client enterprise(s), with the consequence that:

- governments and senior management may pay lip service to the importance of training yet fail to provide tangible recognition of this by providing adequate resources and support; in particular the status of trainers is invariably low and both the image and the quality of training are impaired;

- training is rarely designed and delivered in sufficient co-ordination with line managers to ensure that it is meeting the real needs, that it is followed by the people most needing it and that trainees can apply their new knowledge and skills when they return to the workplace; and

- although many people have been trained for training functions, the vast majority have been assigned to other jobs with the result that very few new training programmes are being developed.

(b) Project duration has been too short; financial constraints are such that projects have a duration limited to one or two years, but in practice it takes far longer for a new institution such as a training centre to become thoroughly established. This does not mean that a project should continue in the same way for many years, but selected support needs to be available for some time after a project finishes.

88. As far as projects other than HRD projects are concerned their effectiveness and sustainability depend to a large degree on the commitment of the governments and the project beneficiaries to become full partners in the project and provide the necessary local support including the appointment of suitable counterparts who can ensure continuity following a project's completion. Equally, projects aimed at operational improvements or institution building should not be too short in duration. There will normally be an analysis phase, leading to recommendations for change, followed by an implementation phase. Beneficiaries will need time to digest proposals for change in order to appreciate fully all the implications and those affected by the changes will need to be prepared, possibly through training, to cope successfully with them. Too much haste to move to the implementation phase can prove counter-productive. It is important that advice and assistance continue to be available during the implementation stage to help deal with the inevitable teething problems which arise when introducing new procedures and practices and therefore projects should be designed with this in mind.

89. Strong commitment from beneficiaries will also be needed to ensure the sustainability of systems, such as ACIS, that use computer software. Once the time comes for UNCTAD to withdraw, having installed the hardware and software and having completed the training, users will be encouraged to join forces in some sort of institutional framework to keep the system running. If the system proves its usefulness by providing data which is used to improve the organization of transport, then the operators should have the incentive to ensure maintenance of the system after termination of the project. In order to reduce the risk that the lack of some timely advice or the maintenance of some vital hardware could jeopardize the sustainability of project achievements, it might be appropriate to include within the project budget a small element to cover possible follow-up assistance after the termination of a project.

90. The size of a project can have an important influence on its long-term success. Projects that are too small to warrant a full-time advisor, either at the national or regional level, may easily lose direction unless very clear arrangements for their management are put in place. On the other hand those projects providing for a team of experts may succeed in the short-term due to their dynamism but fail in the long-term as a result of the withdrawal of so much power. The design of large-scale projects should put great emphasis on arrangements for withdrawal and gradual handover to local communities.

D. Institutional change

91. Until recently, technical cooperation organized by UNCTAD has dealt almost exclusively with the public sector. There have been many contributory reasons, mainly a reflection of the historical channels used by the United Nations for contacts with countries. The availability of assistance is better known to Government departments, and priorities for donor funding are usually set by a Government office. However, as a result of institutional reforms taking place in many countries, the private sector is taking on a more important role in the transport industry. Some projects conducted recently, particularly ACIS, TRAINMAR and in multimodal transport, have worked with private enterprises. Experience to date has shown the private sector to be a highly serious technical cooperation partner, ready to actively engage itself in project activities and with a strong commitment to implement results.

92. With respect to HRD, however, there are signs that the growing involvement of the private sector in the organization of transport may not be making best use of opportunities available. HRD and training often have a medium- or long-term objective and in the short-term may represent only costs. Investment in an individual may be lost to the employer due to that person moving jobs before the benefits begin to flow. A number of industrialized countries are now using measures such as tax incentives or legislation to ensure that companies in a position to do so devote a portion of their revenues to personnel development or training. This need not run contrary to the principle of privatization, since a commercial approach may still help in the achievement of concrete objectives.

93. Three lessons appear to emerge:

- that information about technical cooperation activities should be more readily available to the private sector;

- that Governments should consider the priorities of the private sector when determining assistance priorities; and

- that coordination of public and private objectives may be necessary in the area of HRD.

E. Technical cooperation among developing countries

94. Three problems encountered in technical cooperation projects might be alleviated through the organization of cooperation among developing countries. These are:

- a difficulty of adaptation sometimes displayed by advisors who nevertheless have rich experience in industrialized countries;

- high costs associated with the use of advisors from industrialized countries that apply high scales of remuneration; and

- the abrupt termination of access to advice when projects end.

95. Often the advice that a country seeks can be provided from within the region - sometimes even from within the country - by persons who have acquired specialist experience that is directly applicable to local conditions. Not only is this advice more likely to be assimilated quickly in a requesting country, in comparison with help from a remote industrialized country, but it should be available at lower cost (both in fares and fees) and be amenable to medium- and long-term follow-up if required.

96. There is no doubt that successful experience within one country or region carries important lessons for others. One strength of UNCTAD's technical cooperation programme has been to make particular use of such experience, both for its research studies and through integrated technical cooperation projects and programmes. A very important vector in the transfer of experience is the use of expertise from the originating countries.

97. TRAINMAR, ACIS, Multimodal Transport activities and the Somalia project have made maximum use of this approach. Although it might be difficult to replicate such an approach in all fields, it could probably be adopted more than it is at present. Contacts existing within TRAINMAR networks could perhaps be extended to cover professional contacts among managers and officials so as to enable ad hoc cooperation to be arranged with relative ease. The use of local experts and consultancy services should also be encouraged both to broaden the latter's experience and to reduce costs.

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TRADE AND DEVELOPMENT BOARD
Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries: Shipping
Third session
Geneva, 6 June 1995
Item 5 of the provisional agenda

REVIEW OF THE WORK PROGRAMME OF THE STANDING COMMITTEE WITH SPECIAL EMPHASIS ON THE PREPARATIONS FOR UNCTAD IX

Progress report by the UNCTAD secretariat

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INTRODUCTION

(i) The Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries/Shipping was established in accordance with paragraph 70 of the Cartagena Commitment. At its first session, held in Geneva from 2 to 6 November 1992, it adopted its work programme covering the period between UNCTAD VIII and UNCTAD IX.

(ii) This progress report is not dealing with substantive issues covered by the agenda items 3 and 4, for which reference should be made to the documents TD/B/CN.4/46 (on multimodal transport) and TD/B/CN.4/47 (on technical assistance activities and human resource development). Nevertheless, to comply with the structure of the work programme these issues are briefly referred to in chapters III and V. The Committee may wish to take into account that this report has a complementary function to the other sessional documents and an impression of an imbalance might be created which arises from an effort to avoid repetitions and overlapping of issues which are presented in full length elsewhere. However, as this report is aiming at an overall assessment by the Standing Committee with regard to the work accomplished under the work programme, cross references have been made particularly in the part related to summary and conclusions deriving from the work as a whole in which multimodal transport and technical cooperation and human resource development have also played a major role.

(iii) Paragraph 68 of the Cartagena Commitment requests the Trade and Development Board to "conduct, midway between Conferences, a review and evaluation of the work programme of the intergovernmental machinery .... so as to ensure full integration of all work undertaken by UNCTAD and to establish or adjust priorities for the period up to the following Conference". In order to meet these requirements the Trade and Development Board, at its forthieth session, decided to make provision for the holding of a resumed session of the Trade and Development Board (25-27 May 1994) for the Mid-term Review.

(iv) In preparation of the resumed session of the Trade and Development Board, a Mid-term Review Informal Working Group composed of representatives of States members of UNCTAD was established. The Mid-term Review Informal Working Group held nine meetings. A report of the proceedings of these meetings is contained in TD/40(2)/L.7 and Add.1.

(v) With regard to the working of the Standing Committees, the following conclusion was recommended: "The Standing Committees have not been able to carry out enough of their work programmes to allow for an in-depth review of their performance at this stage". In any case as the Cartagena Commitment calls for such a review to be carried out immediately before UNCTAD IX it is for this session of the Committee to undertake a review of the work accomplished.

(vi) On the basis of the work programme the secretariat was requested to produce a list of specific outputs and activities to be submitted to the Trade and Development Board through its President. The list of outputs for sessional documents, background documents, recurrent publications and technical material (TD/B/EX(2)/3 - TD/B/CN.4/16), which was subsequently endorsed by the Trade and Development Board, was amended in the light of new developments and requirements by the second session of the Standing Committee. The annex to this report provides an overview of the outputs and activities carried out by the secretariat within the period under consideration. In addition, and as recommended by the second session of the Standing Committee, the secretariat has produced and distributed a semi-annual review (TD/B/CN.4/Misc.10) listing outputs which have been

accomplished during the period from July 1994 to June 1995. This informal document of the secretariat is intended to provide delegates with further information pertaining to the work programme.

(vii) In chapter VI the secretariat attempts to draw conclusions from the in-depth analysis of the various issues with the aim to facilitate the discussions with regard to the assessment of the work of this Standing Committee and possible recommendations to the Trade and Development Board.

(viii) The secretariat would also like to draw attention to the increasing number of requests for assistance in the area of improved transport efficiency and logistics. The secretariat has so far responded to these requests within the framework of its technical cooperation programmes. Delegations may wish to link their deliberations with considerations resulting from the United Nations International Symposium on Trade Efficiency (cf. TD/SYMP.TE/6).

(ix) As this third session is the last session before UNCTAD IX, delegations are invited to comment on the performance of the working of the Standing Committee. Any recommendation or conclusion in this regard could possibly form the basis for an assessment of the working of the Standing Committee.

Chapter I

SHIPPING

1. The work of the secretariat in the field of shipping has been based on the work programme as adopted by the Standing Committee on Developing Services Sectors: Shipping on its first session (TD/B/CN.4/13) and the recommendations adopted by the Standing Committee on its second session (TD/B/CN.4/39, Annex I).

A. Impact of progressive liberalization on the development of shipping services

2. At its second session the Standing Committee extensively discussed measures of progressive liberalization and their impact on the development of competitive shipping services. It emerged from these discussions that a wide diversity existed with regard to the stage of formulation and implementation of policy reform measures, depending *inter alia* on levels of development and the degree of involvement by the countries concerned in the supply of shipping services. Given this diversity and the limited experience so far accumulated, the Standing Committee requested the secretariat to continue to undertake comparative analyses of national shipping sectors and policy reform measures and to continue monitoring and reporting on measures taken aimed at fostering fair and competitive shipping services through progressive liberalization and associated policies.

3. In response to these requests the secretariat has prepared two reports which are available to the Standing Committee as background documents. These are:

- Progressive liberalization and the development of shipping services in developing countries - country experience (UNCTAD/SDD/SHIP/5); and

- Maritime policy reforms in the New Independent States of the former Soviet Union (NIS) (UNCTAD/SDD/SHIP/4).

4. Examples of experience with policy reform measures given in document UNCTAD/SDD/SHIP/5, support the observations made in the earlier report entitled "Progressive liberalization and the development of shipping services in developing countries" (TD/B/CN.4/34) that liberalization may have a substantial impact on the ability of developing country and country in transition shipping companies to participate in the supply of services. Many companies which had previously operated under the protection of stringent cargo reservation measures have suffered severe financial losses and some have gone out of business. While this can partly be considered a direct result of the implementation of liberalization policies, it certainly also reflects a lack of technological and organizational adaptation, which has become particularly visible and crucial with the advent of liberalized market access. Yet at the same time liberalization has opened opportunities for private sector companies in many developing countries and countries in transition, even though in general their participation in trade has often remained limited in the face of increasing competition from mainline global operators from developed countries.

5. Shipping companies of developing countries which have operated successfully in newly liberalized environments have been those which have introduced radical changes in operations, particularly by changing from break-bulk to containerised operations, in certain cases relying on chartered tonnage or slots and entering into consortia or other forms of cooperation with other shipping companies especially from developed countries.

6. Examples of developed countries demonstrate the important role being given to support measures designed to manage liberalization processes, in

particular to competition rules as a vital element in safeguarding functioning maritime transport markets. In designing and implementing liberalized maritime transport policies, developing countries and countries in transition may wish to consider a variety of support policies which need to be taken to ensure not only a desirable level of competition, but also of participation in trade by national carriers.

7. Given the importance attached by the Standing Committee at its second session to the extension of the scope of its activities to include countries in transition, the secretariat has prepared a "country study" on the experiences of the new independent States (NIS) of the former Soviet Union in the formulation and implementation of policy reform programmes in maritime transport.

8. The reform programmes of NIS are largely based on two equally important pillars, i.e. privatization of former State-owned shipping companies and liberalizing access to shipping markets. The speed and extent of privatization and liberalization programmes, however, differ considerably among the countries concerned. In order to improve the competitiveness of national merchant marines, the Russian Federation has most vigorously pursued privatization as a policy option even though practical results have been limited up to now. Other countries, such as the Baltic States and Ukraine, have embarked on commercialization programmes without initiating ownership transfer to the private sector.

9. Liberalization of shipping markets is part of the on-going process of economic restructuring that is presently taking place in the NIS. It provides the framework for a reduction in government involvement in shipping and the establishment of commercially viable enterprises. At present, however, the situation of most of the shipping industries of NIS is rather difficult. Companies that had enjoyed monopolistic positions in the former USSR trades today have to face competition without being necessarily prepared for it. The commercialization programmes have forced companies to compete for cargo, yet have neither made sufficient provisions for the adaptation of management structures, nor for improved access to finance necessary for the modernization of existing fleets.

10. The results of this study show a large degree of similarity with developing countries in all regions. Economies of developing countries and countries in transition are undergoing a process of progressive liberalization of market access, and privatization of former State-owned enterprises. This development affects the shipping and transport sectors more than other domestic economic activities because of the inherent international nature of the industry. In other words, the countries concerned, even if they so wish, can hardly escape the process of liberalization including the adverse short-term effects that this might have on their local shipping industry.

11. Experience gained so far clearly indicates that an adequate framework and regulatory mechanisms are required to back up the process of liberalization and privatization avoiding some of the major pitfalls, such as the inability to compete on commercial terms, or, in the case of privatization, the transfer from State to private monopolies. Such frameworks and mechanisms can include competition rules, incentives to national investors, promotional policies to the benefit of the local maritime industry, etc.

12. Even though the need for a proper management of the liberalization process is apparent, it is, at this stage, too early to judge the impact of the new policies. Available information indicates that a number of developing countries and countries in transition have embarked on policies of progressive liberalization of shipping markets backed by selective support measures without, however, necessarily formulating a comprehensive support policy. Furthermore, none of the countries concerned have up to now undertaken a thorough analysis of the impact of policy programmes and action.

Further experience will have to be accumulated to clearly establish the causal relationship between policy reform and specific market and fleet developments. Furthermore it should be equally clear that a certain time-frame is required for shipping companies to undertake the necessary management reform programmes thus enabling them to commercially compete for cargoes both in national trades as well as cross trades.

13. In order to avoid the proliferation of national measures which in one w or another will be taken, it would be desirable to discuss and establish the appropriateness of a harmonized approach to the problem of managing liberalization processes within the Standing Committee or, possibly, within wider context at UNCTAD IX. The analysis of policy management methods and measures is particularly important given the fact that

- a number of developing countries and countries in transition have been able to seize the opportunities arising from economic globalization and liberalization in the field of shipping, while others continue to lag behind thus accentuating their economic marginalization;

- globalization and liberalization tend to create interlinkages and thus reduce the autonomy of governments in economic management. This is particularly true in the field of shipping, an inherently international industry.

B. Changes in national practices covering shipper/ocean carrier relations

14. The world economy is characterized by the perceptible process of globalization of economic activities affecting both commercial and intergovernmental relations. At the macro level it leads to structural transformation of nations reflected in a large scale withdrawal of the publi sector from economic activities, in increasing tendencies to enter into regional integration agreements and in parallel moves towards multilateral arrangements aimed at progressive liberalization of trade in goods and services. At the micro level, globalization is resulting in more flexible approaches to production and marketing as well as strengthening of links between companies in the production process.

15. While these phenomena have accelerated the integration of a number of developing countries and their industries in the global economy, they have also resulted in the marginalization of others, particularly the least developed among them. Many developing countries have up to now not been abl to adapt existing institutional infrastructure and mechanisms to these new developments. Furthermore they often lack the know-how to keep pace with changes and to upgrade their management capabilities particularly in newly-emerging fields of activities, such as services. These countries see their competitive situation steadily deteriorating, as previous advantages based o preferential treatment are gradually losing in importance.

16. The implementation of globalized production processes and marketing arrangements has been made possible by policy reforms and, most important, b improvements in transport and communications. New production patterns have greatly benefitted from the responsiveness of the shipping industry to changing transport requirements of shippers. However, new opportunities offered by the shipping and transport industry have primarily benefitted large shippers. Small- and medium-sized shippers, particularly from developing countries, are often confronted with a wide choice of shipping opportunities which, however, they cannot effectively exercise due to lack o expertise and information.

17. Small- and medium-sized shippers will only be able to take advantage of the opportunities offered by developments in the liberalized transport sector, if a certain level of assistance is rendered. Such assistance will have to be permanently available and will have to be provided on a cooperative basis by the trading community itself. Shippers' councils would

constitute the obvious institutional framework for such assistance, if they overcome the public service approach still prevailing in many countries and are transformed into professional, service-oriented organizations.

18. A number of shippers' councils have already adapted to the changing needs of the trading community. Depending on the stage of development, two different directions can be discerned. Thus, some councils have developed into industry associations who see their primary role as shippers' lobbies vis-à-vis governments and intergovernmental organizations. Other councils, particularly in developing countries, continue to focus their activities on the relationship between buyers and sellers of transport services, with a reorientation towards the direct assistance mentioned above.

19. Many shippers' councils are still struggling to adapt to the necessary changes, both with regard to new functions as well as corresponding organizational structures. In order to successfully transform existing councils, a process of professionalization has to be set in motion, which would include extensive human resource development programmes to enable council staff to provide the assistance needed by shippers. The document entitled "Changes in national practices covering shipper/ocean carrier relations" (UNCTAD/SDD/SHIP/2) makes a number of recommendations with regard to the necessary restructuring process. These recommendations are based on information provided by the shippers' councils as well as assistance activities that the secretariat has undertaken with councils wishing to engage in the process of transformation.

20. As most developing countries are primarily users of shipping services, questions relating to shipper/carrier relations in general and to the protection of shippers' interest and its institutional framework in particular, continue to be of special interest to them. The formulation and implementation of appropriate consumer policies with regard to shipping services, remain of particular importance to developing countries as a whole to ensure the expansion of their trade through the provision of quality low-price shipping services.

C. Ship finance for developing countries

21. Shipping continues to be a very capital-intensive industry and adequate access to capital markets be it as equity or loan capital is crucial for the success of any shipping venture. In view thereof, the Standing Committee has attached considerable importance to the analysis of prevailing ship financing arrangements and their adequacy for developing countries' operators. In doing so, the Standing Committee has revitalized an activity which had also figured prominently in the work programme of the suspended Committee on Shipping. Thus, in response to resolution 65 (XIV), the secretariat issued document UNCTAD/SHIP/642 in September 1992, which was widely disseminated among governments and industry circles, but not considered by the Standing Committee itself. Consequently, the report entitled "Ship finance for developing countries" (UNCTAD/SDD/SHIP/3) submitted to the Standing Committee, is based on the previous one and mainly covers new developments which have occurred since 1992, and that have an impact on the availability of ship finance for developing countries.

22. The report indicates that the demand for ship financing is increasing. Total ship financing for newbuilding is now estimated to be in excess of $30.0 billion per annum, largely due to increasing capacity requirements to meet the expansion in world seaborne trade, to the continuing ageing of the global fleet and to the resulting need to replace technical obsolete tonnage.

23. For developing countries and countries in transition financing requirements for newbuildings and second-hand tonnage are estimated to exceed 93.3 billion over the 1993-1997 period. These capital requirements will be more difficult to finance because second-hand tonnage usually requires more equity participation than newbuildings and because the fleet profile for

these two country groups consists of many technically obsolete vessels. In addition, the shipping industry of developing countries, just as much as of other countries, has to compete for scarce capital with other industries that often provide for better short-term return on capital and reduced risks.

24. The difficulties faced by the industry to attract capital are not due to deficient capital market mechanisms. On the contrary financial institutions have been innovative in structuring loans and tailoring the main variables (term, balloon payments, moratoria, down payments etc.) to meet the cash flows of borrowers. Thus, the essential issue is the inability of the shipping industry to compete for the limited pool of global capital that can obtain higher yields from more profitable projects. These conditions can only be redressed by reducing the tonnage imbalance and eliminating promotional policies that distort markets by artificial prices or protectionism.

D. Review of Maritime Transport

25. The promotion of transparency was identified as one of the main sections of the work programme of the Standing Committee. In response thereto the secretariat continues to prepare and disseminate the annual Review of Maritime Transport, which provides, on a continuous basis, information on global developments in the field of shipping services, shipping markets and the evolution of national fleets, particularly of developing countries. Apart from global issues, the Review is increasingly dealing with developments in specific market segments and of particular geographic regions. Thus, the 1993 issue contains a special chapter on shipping and seaborne trade in Asia, while the 1994 edition will deal with particular aspects of the maritime sector of Latin American countries.

E. Other developments

26. In this context the Standing Committee may wish to recall the latest developments with regard to the United Nations Convention on a Code of Conduct for Liner Conferences. As of 31 December 1994, there were 78 countries Contracting parties to the Code and five signatories subject to ratification. In the course of 1994, two countries became Contracting parties, i.e. Spain (3 February 1994) and Qatar (31 October 1994).

27. It may furthermore be recalled that resolution 2 adopted at the resumed session of the first Review Conference: (1) requests the Registrar to provide guidance and assistance to Governments towards a better understanding and effective implementation of the Convention, (2) requests the Secretary-General of the United Nations to convene the next Review Conference in accordance with article 52 of the Convention, and (3) instructs the depositary to seek the views of all States entitled to attend the next Review Conference in preparing the relevant documentation for the Conference. Based on these requests, work continues to advise governments on code implementation through correspondence and, in exceptional cases, missions. The secretariat also continues to contribute to meetings/seminars organized by industry or governments aiming at a better understanding and effective implementation of the Code.

28. Pursuant to article 52 of the Code and the corresponding request contained in resolution 2 of the Review Conference, the secretariat is presently undertaking preliminary work towards the organization of the second Review Conference. The secretariat will orally inform the Standing Committee of the state of preparations and of any decisions which might need to be taken by governments entitled to attend the Review Conference. Given the time-frame for the next Review Conference provided for in article 52 of the Convention, the secretariat will commence late 1995/early 1996 seeking the views of governments in preparing the relevant documentation for the Conference.

Chapter II

PORTS AND PORT SERVICES

29. Modern and efficient ports are necessary and powerful tools for facilitating trade and development. In addition to the traditional role of bringing goods to the consumer, ports are now serving international manufacturing which requires an efficient transportation network in which ports act as a node for maritime and land transport. Nowadays, ports must offer efficient and reliable services to ships and cargo, including documentation and customs procedures, to allow the timely flow of goods through the transport chain, which has, in fact, become a production chain. To assist in this flow, some countries have developed distribution or logistic centers in the port area which are used for the storage, preparation and transformation of cargo. Therefore, ports are no longer simply a place for cargo exchange but are a functional element in a logistics system. Thus a port can be a crucial element in developing a competitive advantage of a country and therefore Governments and port authorities need to adopt port policies to allow the nation to reap this potential benefit.

30. Since world trade, and the subsequent transport costs, are part of a highly competitive market, all ports are directly involved in this international competition. To survive and prosper in such circumstances, port management needs to be given autonomy and be made accountable for its operational and financial performance. Ports are often a place in which international market forces become evident in the national economies. Governments have to steer a careful course to meet these challenges in order to take advantage of opportunities open by international trade and technological development and do so taking into consideration the level of social and economic development of the country. In a few countries in which the national fabric has collapsed ports are a vital sector to revitalize in order to rebuild the national administration and economy of these countries. Further, the United Nations International Symposium on Trade Efficiency recently held in Colombus, recognised the importance of transport for trade facilitation and recommended that governments encourage commercial practices and private investment, which is of particular significance for their port sector.

31. The progress accomplished in this programme (as indicated in TD/B/CN.4/13) to July 1994, was reported on in the progress report (TD/B/CN.4/36) prepared for the Committee. The main points are the convening, in 1993 in Geneva, of an Intergovernmental Group of Experts on Ports to assist the Standing Committee in its work because of the specialized nature of the subjects. The Group reviewed the four technical reports 1/ completed in 1992 and another two 2/ finalized in 1993. The Group carried out a comprehensive examination of the work so far carried out, indicated priorities for the approved work programme and prepared a report (TD/B/CN.4/28) on their findings and recommendations. This report was submitted to the last session of the Standing Committee. The Group considered there was a need for wider dissemination of the work done by the United Nations in the field of port organization and management which it considered of particular interest for developing countries and countries in transition. The Group considered training one of the most important domains where

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1/ *The principles of modern port management and organization*, TD/BC.4/AC.7/13; *Port marketing and the challenge of the third generation ports*, TD/BC.4/AC.7/14; *Legal aspects of port management*, UNCTAD/SHIP/639; and *The management and development of human resources in ports*, UNCTAD/SHIP/644.

2/ *Strategic planning for port authorities*, UNCTAD/SHIP/646; and *Sustainable development for ports*, UNCTAD/SDD/PORT/1.

assistance by UNCTAD could be provided and recommended that the training programmes should be maintained and reinforced. .

32. The Standing Committee expressed its appreciation for the report of the Intergovernmental Group of Experts on Ports and believed that the group has made an important contribution to the implementation of the approved work programme. The Committee requested the secretariat to convene a second session of the Intergovernmental Group of Experts of Ports in early 1996 to assess the progress made in implementing the work programme, to review any new or outstanding issues in the fields of port efficiency, modernization and development and to make recommendations to the Standing Committee. A tentative date for this meeting would be 15-19 April 1996, a decision on the final date would be determined through the consultation mechanism of the Secretary General and endorsed by the Trade and Development Board.

33. As done for the first session of the Group, a policy seminar would be held before the meeting which would provide the opportunity for delegates from developing countries and countries in transition to receive information and raise questions on current developments in ports. This meeting for officials from governments, industry and regional bodies provides a global forum for discussion on policy and economic issues of port development. The provisional agenda for the second session will focus on factors affecting port performance (restructuring, financing, pricing techniques, cooperation, information technology) and human resource development. While focusing on these two issues, the Group will also review the reports prepared by the secretariat and comment on their applicability and dissemination and provide guidance on key issues to be considered in any future work programme.

34. At the time of writing, the study on *Strategic port pricing* (UNCTAD/SDD/PORT/2) has been completed and work is almost completed on the study on *A Comparative analysis of privatization, commercialization and decentralization* (UNCTAD/SDD/PORT/3). The first report provides a framework for ministries responsible for transport, port authorities and port managers on how pricing techniques can be used to improve the competitiveness of ports while keeping them financially viable. The second report analyses the objectives of institutional restructuring, the major methods of institutional reform, the conditions for their implementation and the control, adjustment and evolution of restructuring methods. These two reports will provide information to developing countries and countries in transition on how to make their port services more market oriented.

35. Work on sustainable development has required a joint approach with IMO. In fact, the subject is related to the adopted chapter 17 of Agenda 21 of the United Nations Conference on Environment and Development which calls on States to take necessary measures to prevent further degradation of the marine environment. In particular it requested that the necessary measures be taken to facilitate the establishment of port reception facilities for the collection of oil and chemical residues and garbage from ships as defined by the annexes of MARPOL 73/78. Therefore cooperation has been initiated between UNCTAD and IMO aimed at designing a financial instrument that would ensure the funding of investments and operations of waste reception facilities in ports. A jointly prepared document entitled "Reception Facilities" (SPI 3/4) was submitted to the 3rd meeting of the Ship/Port Interface Working Group held at IMO, 24-28 October 1994. The document proposed the establishment of a fund for reception facilities, structured and organized on the principle that the "polluter pays" and to give an incentive to ships to use facilities. The Working group noted the requirements that need to be met and established a correspondence group to further develop the scheme in line with these requirements. The UNCTAD secretariat is a member of the correspondence group.

36. Another report on the subject of the relationship between cities and ports is being prepared in collaboration with the International Association of Cities and Ports. The subject is now important as a result of obsolescence

of port facilities due to technological changes and includes inland environmental features. Work has started on a study of *Financing port development* and on a study on *Regional cooperation in the ports field.*

37. To complement the publication of technical reports, two issues of the *Ports Newsletter* were prepared since the last meeting of the Committee, one in November 1994 and another in May 1995, which in addition to a review of UNCTAD's work in the ports field, included technical information on the most recent developments of direct interest to ports. The *Newsletter* is distributed to an informal network of 350 correspondents in over 160 countries and thirteen issues have been prepared. In addition, the secretariat has continued to cooperate with the International Association of Ports and Harbors (IAPH) to publish the UNCTAD Monographs on Port Management. These monographs, which are prepared by experts on a no-charge basis and are edited and published by the secretariat in English, French, Spanish and Arabic, provide information to managers on current port issues. They are distributed via the informal network and sold to interested parties through the official channels. The latest Monograph issued deals with *Marketing promotion tools for ports* (UNCTAD/SHIP/494(12)). Also, on a routine basis the secretariat continues to reply to frequent requests for port publication and training materials from both developing and developed countries.

38. UNCTAD's work in assisting port development in developing countries began in the late 60's and has made effective and practical inputs to the international port community, particularly in developing countries. Its reports, studies and monographs are regarded by practitioners as major references in the port field, continue to provided guidelines for governments and port authorities for port policy and development, and have often been the core for human resource development programmes. The steady demand for these documents and requests for training courses are an indication of the effectiveness of the UNCTAD work in the port field in general and of the current programme in particular. This demand also comes from the private sector, notably from consulting companies providing managerial inputs and training on a commercial basis or bilateral assistance packages, often using material produced by UNCTAD. Another likely reasons is that there are numerous countries whose port organizations lack the ability to study the latest developments in ports and to train their staff in the modern techniques of port management and therefore rely on the recognized UNCTAD expertise in the ports field.

39. Further, the UNCTAD's contribution to the ports sector is probably the only one UN inter-regional approach targeted to the technical and economic issues faced by managers and Government officials responsible for ports. In this it follows the port industry characterized by the coexistence, and successfully functioning, of worldwide and regional port associations which retain both the global features of international trade and maritime transport as well as the peculiarities of each trading region. Other UN organizations are providing inputs on partial basis to this important sector, often in collaboration with UNCTAD. The IMO through the WMU is providing training on navigational aspects in ports, handling of dangerous goods and related security. This is being complemented by UNCTAD which also provides inputs on management and economic aspects of ports. The ILO, through its technical cooperation programme, is providing training for dock workers. The Economic Commissions are also making inputs at the regional level. Some of UNCTAD's large technical assistance programmes can use ports to develop trade points and to monitor transport chains as port authorities are often strong organization with good communication links and foreign exchange resources and would be a strong partner for important undertaking in the transport domain.

40. Preliminary conclusions are that this port development programme, benefiting from the available in-house experience, has been successful and made a positive contribution to the development of ports in developing countries. It has adapted to the widely different needs of countries which span from port development for serving a modern and global international

trade to managing ports to support humanitarian and peace-keeping operations undertaken by the UN. The programme has prepared and disseminated port studies that provide information to improve the competitiveness of port and port related services. It has substantially contributed to strengthen human resource development and has provided advice and assistance in the management of ports. The future orientation of this program should concentrate on helping international ports reach a minimum standard of performance and to better integrate the national economy with international trade. In particular the effects of institutional restructuring on performance should be studied as well as on the financing of infrastructure. This information should continue to be disseminated via the Ports Newsletter. Finally the secretariat's activities in port management training should be continued with new port management policy seminars being developed and where possible strengthened through extra-budgetary funds.

Chapter III

MULTIMODAL TRANSPORT

41. Since agenda item 3 of the third session deals specifically with multimodal transport, containerization and technological developments, the secretariat prepared a report entitled "Competitive services in multimodal transport" (TD/B/CN.4/46) which is making a number of suggestions for action which the Standing Committee may wish to consider. To assist delegates in their deliberations,, this sessional document is also complemented by two background studies entitled "Facing the challenge of integrated transport services" (UNCTAD/SDD/MT/7) and "Multimodal Transport Handbook" (UNCTAD/SDD/MT/8).

42. Door-to-door transport is probably one of the most important transport subjects for developing countries and countries in transition to consider. At present there are very few multimodal transport operators in these countries, partly because door-to-door traffic is limited there, partly because of a lack of know-how. The consequence is that while this technology is developing and is being perfected in developed countries, transport providers elsewhere are not following this evolution and are thus not capable of providing their local traders with competitive multimodal transport services. The on-going process of liberalization and market access is, at the same time, sharpening competition. The result of this will be a marginalization of transport providers from developing countries and countries in transition that will be relegated to the status of subcontractors.

Chapter IV

MARITIME AND TRANSPORT LEGISLATION

A. Joint UNCTAD/IMO Intergovernmental Group of Experts - Seventh Session: Review of the 1952 Convention on Arrest of Sea-going Ships

43. The seventh session of the Joint UNCTAD/IMO Intergovernmental Group of Experts was held in Geneva from 5 to 9 December 1994. The session had been convened following the resolution adopted by the UN/IMO Conference of Plenipotentiaries on a Convention on Maritime Liens and Mortgages, which, having adopted the International Convention on Maritime Liens and Mortgages, 1993, recommended that "the relevant bodies of UNCTAD and IMO, in the light of the outcome of the Conference, reconvene the Joint Intergovernmental Group with a view to examining the possible review of the International Convention for the Unification of Certain Rules Relating to the Arrest of Sea-going Ships, 1952.": See report of the Conference, A/CONF.162/8, annex I. The recommendations contained in the resolution were endorsed by the UNCTAD Trade and Development Board at its fourth (Pre-Sessional) Executive Session and by the IMO Assembly at its eighteenth session.

44. The Joint Group, having completed preliminary consideration of the subject, prepared a set of "Draft Articles for a Convention on Arrest of Ships": See report of the Joint UNCTAD/IMO Intergovernmental Group of Experts on its seventh session, TD/B/CN.4/GE.2/3, annex II. The draft articles were based on the Draft Revision of the 1952 Convention on Arrest of Ships prepared by the Comité Maritime International (CMI), the changes required as a result of the adoption of the International Convention on Maritime Liens and Mortgages, 1993 and the views expressed by delegations during the session.

45. The Joint Group, having held a preliminary exchange of views on the draft articles, agreed to continue the examination of the subject at its next session, which is to be held at IMO headquarters in London in October 1995.

B. General average

46. The Standing Committee on Developing Services Sectors/Shipping, at its second session, requested the secretariat "to inform the Committee, wherever appropriate, about developments concerning general average taking place within the relevant international organizations and industry, including CMI and IUMI": Para 14 of the recommendations adopted by the Standing Committee, TD/B/CN.4/39. Following this request a report entitled "General Average - Reform of the system" (UNCTAD/SDD/LEG/3) has been prepared and will be before the Committee.

47. It may be recalled that two reports had already been prepared by the secretariat on general average containing, inter alia, data and statistics concerning the extent and impact of general average, highlighting some of the problems which arise in the operation of the system, including problems encountered by developing countries: "The Place of General Average in Marine Insurance Today" (UNCTAD/SDD/LEG/1); "General Average - a preliminary analysis" (TD/B/C.4/ISL/58). The documents had also reported on the work within the Comité Maritime International (CMI) on the revision of the York-Antwerp Rules 1974, as amended 1990, namely that the CMI International Sub-Committee (ISC), charged with the task of studying the law of general average and the York-Antwerp Rules, met twice and prepared recommendations for the revision of the Rules. The recommendations of the ISC were submitted to the CMI Conference which was held in Sydney in October 1994.

48. The Conference adopted a new set of Rules, known as the York-Antwerp Rules 1994, and recommended that they should be applied in the adjustment of general average as soon as practicable after 31 December 1994.

49. The report prepared by the UNCTAD secretariat, "The Place of General Average in Marine Insurance Today", had been circulated to delegations of the CMI Conference. Close co-operation had been maintained between the secretariats of UNCTAD, CMI, and indeed with other interested organizations, including the International Union of Marine Insurance (IUMI) and the International Association of European General Average Adjusters (AIDE).

50. The document, "General Average - Reform of the system", reports on the work carried out within the CMI, including a brief commentary on the changes introduced into the York-Antwerp Rules 1994.

51. It also reports on the activities of the IUMI on general average; namely that the General Average Working Party set up by IUMI produced a document containing a detailed statistical study of the general average system. The study highlights a number of unsatisfactory aspects of general average. It focuses on issues such as number, size and costs of general average incidents, the causes of general average by number and value of claims, type of ships involved, age of ships at time of general average, allocation of costs between hull and cargo, costs of administering general average, time taken to prepare general average adjustments and absorption clauses and their impact in reducing the number of incidents currently treated as general average. The findings of the IUMI report confirmed those of the UNCTAD secretariat study. The IUMI study was circulated to delegations attending the CMI Sydney Conference and to IUMI member associations. It was also submitted to the IUMI annual Conference, held in Toronto in September 1994. The subject was debated within the IUMI Conference and it was firmly stated that under no circumstances could IUMI accept expansion of the scope of general average.

52. IUMI is presently continuing its research concerning the impact of the new York-Antwerp Rules and on the shortcomings of the general average system, with a view to finding a commercial solution to the problems involved. It has, therefore, placed general average on the agenda for its next annual Conference.

53. The document further reports on the development within the London insurance market. The London market played an active part in the work carried out by IUMI prior to the Sydney Conferemce, including the preparation of the IUMI study. To address shortcomings identified by the IUMI study would have required far more fundamental reforms than those achieved at the CMI Conference. The London market has therefore decided to continue research and analysis into general average and sees this as independent of the outcome of the CMI Conference.

54. The purpose of its work will be to: (a) examine the potential for reform of various aspects of general average which appear unsatisfactory; (b) estimate the costs of the different constitutent elements in the system; and (c) develop workable proposals for change. Some reforms, such as increased use of absorption clauses in hull policies, will be possible to implement through action by the insurance industry alone, others would require more general agreement among the maritime community.

55. As seen from the above, the insurance industry is continuing work towards an appropriate reform of the general average system. It should be noted, however, that the move towards reform of general average began following the commencement of work within UNCTAD on the subject, including recommendations for investigations by insurance interests into finding insurance solutions to the problems involved. It is therefore important that developments are kept under review and the Committee is informed of further developments and, indeed, of the final outcome.

C. Legal aspects of ship leasing in developing countries - A preliminary review

56. Pursuant to the work programme adopted by the Standing Committee on Developing Services Sectors at its first session, a report entitled "Legal aspects of ship leasing in developing countries - A preliminary review" (UNCTAD/SDD/LEG/4) has been prepared and will be before the Committee for consideration. The report attempts to provide information concerning the legal framework regulating ship leasing in developing countries. Information required for the preparation of the report was obtained, inter alia, by sending questionnaires to Governments of developing countries and to law firms and financial institutions involved in ship leasing operations. The findings of the secretariat confirm that utilization of ship leasing in developing countries is not very common and is inhibited by a number of factors. This is the case in spite of the fact that leasing provides a shipping company the entire possession and use of a vessel without capital outlay. (See "Container ship leasing", TD/B/C.4/339).

57. The preliminary report outlines the legal factors that might deter potential lessors from entering into ship leasing operations in developing countries - such as, inter alia, lack of tax incentives, outdated legislation on ship registration, liability of the lessor as registered owner of the vessel, risks in case of insolvency by the lessee and for latent defects of the vessel - and suggests some reforms to facilitate its use in those countries. The suggested reforms focus on:

(i) Providing lessor and lessee with tax incentives.

58. In the absence of tax benefits it seems that few financial institutions/lessors, if any, would be willing to enter into a leasing transaction. Thus it is suggested that legislation may be enacted in order to provide the lessor with capital allowances or other forms of tax depreciation and that these tax benefits to the lessor be reflected at a rate lower than the amount of interest and principal that might be required to be paid under a conventional ship mortgage loan. Furthermore, it is suggested that for those States wishing to tax the final acquisition of the ship by the lessee at the end of the contract, only the residual value of same should be considered for tax purposes.

(ii) Modern and comprehensive legislation on ship registration.

59. Taking into account that the lessor remains the registered owner of the ship during the contract, it is of paramount importance that his rights are fully protected. This protection could be achieved through a proper ship registration mechanism. Furthermore, and for those States wishing to enact legislation permitting bareboat registration, it is suggested that careful consideration should be given to relevant provisions of the UN Convention on Conditions for Registration of Ships, 1986 and to the International Convention on Maritime Liens and Mortgages, 1993. It is in the interest of mortgagees, lessors and lessees to ensure that there is uniformity and certainty in this area of international law.

(iii) Publicity of the ship leasing contract.

60. Having complete control and entire possession of the ship, the lessee is solely responsible for the operation of the vessel. The lessor has legal title to the property and as owner of the vessel can incur liabilities and obligations, many imposed by statute and many of which cannot be contracted out of. In order to protect the lessor against the risk of contractual liability, it seems advisable to provide the lessor with the possibility of registering (entering) the contract of leasing in a public register. This approach has been adopted by several countries in order to protect the lessor as the "formal" owner of the vessel against third party claims. The

protection afforded would not however prevent a maritime lien holder in enforcing his maritime lien by arresting the vessel and applying for a forced sale of the ship, irrespective of the fact that the lessor as her owner does not personally owe anything to the claimant. It is however assumed that publicity of the contract would improve the protection of the lessor vis-à-vis third party claimants.

(iv) Protection of lessors against insolvency.

61. The interests of a lessor are considerably affected if the lessee's insolvency results in the commencement of bankruptcy proceedings against the lessee. The legal consequences of this are determined by the applicable national bankruptcy law. The report reviews some examples of existing legislation in developing countries aiming to secure that the lessor's real rights in the vessel are valid against the lessee's trustee in bankruptcy and creditors, including creditors who have obtained an attachment or execution. Reference is as well made to article 7 of the UNIDROIT Convention on International Financial Leasing, 1988. It is suggested that developing countries may wish to introduce legislation giving the lessor the right to terminate the ship leasing contract and to repossess the vessel upon commencement of bankruptcy proceedings against the lessee.

(v) Lessor's responsibility for latent defects of the vessel.

62. In most cases, although the vessel is ordered and purchased by the lessor, it is the lessee who selects the vessel and if it is to be a newbuilding, approves the building plans and supervises the construction process. It is for this very reason that contractual stipulations - such as those used in BARECON 89 (Part III) - always disclaim the responsibility of the lessor regarding the condition of the ship. The report reviews samples of existing legislation in developing countries and articles 8 and 12 of the UNIDROIT Convention on International Financial Leasing governing this important issue.

63. In order to ensure that the lessor should not incur any liability to the lessee in respect of the condition of the vessel, save in a few limited cases (e g, when the lessor intervenes in the selection of the shipyard), assigning in the meantime any remedies granted under the building contract in case of unsatisfactory performance to the lessee, it is suggested that developing States may introduce appropriate legislative reforms.

64. The report finally suggests that as a follow-up to this preliminary review, based on information received by the secretariat, further work should be undertaken in order to: (i) prepare model legislation as guidelines for developing countries who wish to promote ship leasing, (ii) promote awareness as to the operation and functioning of ship leasing and its potential advantage for developing countries.

Chapter V

HUMAN RESOURCES DEVELOPMENT AND TECHNICAL COOPERATION

65. Since agenda item 4 of the third session of the Standing Committee deals specifically with strengthening technical cooperation and human resource development, the secretariat prepared a report entitled "Technical Cooperation and Human Resource Development in Shipping, Ports and Multimodal Transport" (TD/B/CN.4/47). This comprehensive document describes all the activities conducted by the various sections and programmes and presents a number of suggestions for action which the Standing Committee may wish to consider.

66. The report also presents the findings of independent evaluations of three major programmes, Advance Cargo Information System (ACIS), TRAINMAR and Improving Port Performance (IPP) and confirm that, not only are these programmes making an important contribution to the development objectives, but they are doing so in a cost-effective manner.

Chapter VI

SUMMARY AND CONCLUSIONS

67. On the basis of the adopted work programme, the Committee has addressed a number of main issues in its work which emerged from the overall development changes in the world economy in the area of shipping, ports, multimodal transport and maritime and transport legislation.

68. In order to cope with the growing interdependence of the world economy and increasing globalization of production processes, as well as the trend towards progressive liberalization, international transport, particularly maritime transport, has to pass through a process of structural and organizational adjustments leading to an integration of shipping, ports and land-transport services. As far as developing countries and countries in transition to market economies are concerned, these developments affect their position both as consumers and as suppliers of shipping services. While a number of countries have seized the opportunities afforded by extended shipping opportunities, others, owing to a lack of expertise and information on the part of the trading communities, have not been able to take advantage of it and consequently continue to lag behind, thus aggravating the risk of further economic marginalization.

69. Progressive liberalization of shipping markets is part of the ongoing general process of economic restructuring and calls for the formulation of related policies at both the national and international levels. UNCTAD has monitored and analysed the success of, and problems encountered by, developing countries and countries in transition with regard to policy reform programmes aimed at fostering the development of commercially viable, competitive shipping services.

70. The strategy of fostering competitive shipping services is an ongoing one and it is too early to establish clearly a causal relationship between policy reform measures and specific market and fleet developments. The continuing process of progressive liberalization of shipping markets requires further analysis and, beyond that, the elaboration and development of tools enabling a proper management of liberalization and privatization. The resulting measures should ensure that all countries are put in a position to reap the benefits of new shipping opportunities, while at the same time enabling their service suppliers to undertake the necessary restructuring as smoothly as possible.

71. Ports can no longer be considered as terminal points of a transport mode but as an essential link in a transport chain. In the light of this, many ports have developed into service centres. The underlying concept of these services centres is to upgrade port activities from pure cargo handling at terminal points to offering a comprehensive transport service package. One of the means used by more and more countries to improve the efficiency of ports is the revision of the role of the public sector in ports. Many ports are actively pursuing programmes of privatization and commercialization. The various aspects of the changing role of ports in a transport chain are reflected in a number of studies prepared by the secretariat for submission to the second session of the Intergovernmental Group of Experts on Ports to be held early 1996 which in turn will submit its recommendations to the relevant governing body.

72. The slow expansion of multimodal transport towards developing countries is essentially due to a number of intersectoral problems involving governmental and commercial parties. Many developing countries have not yet realized that the implementation of multimodal transport based on appropriate coordination between parties can contribute to the development of national transport capabilities and economies. The secretariat will analyse the various processes and provide advice and assistance to governments as well as to commercial parties to enable them to set up the necessary

institutional, legal and operational environment for a better use of the multimodal transport concept linked to modern transport technology. To achieve transport efficiency governments are urged to implement coordinated intersectoral policies based on a progressive liberalization of the sector.

73. In the field of maritime and transport legislation, the activities of UNCTAD should, in a cooperative spirit with other organizations, aim at facilitating international trade and transport by promoting and establishing a framework of modern commercial, economic and administrative norms and standards within which the industry can operate efficiently. It is recognized that in a process of globalization, economic norms and standards as well as delineation of responsibilities gain a new momentum.

74. Technical cooperation has always been viewed by UNCTAD as an important complement to its research and policy analysis and it has been a prominent feature of UNCTAD's work on maritime and related transport services. These activities concentrate on assisting developing countries and countries in transition in the economic, commercial and legal aspects of maritime and multimodal transport. As such, they are complementary to the assistance available from other organizations. UNCTAD collaborates closely with these other organizations and a number of projects are conducted jointly.

75. Most of the projects are interconnected to the overall development approach of regions or subregions in order to respond to the increasing complexity of development issues. In the light of scarce resources UNCTAD should continue in its future work of technical cooperation and human resource development to focus on projects which have a major impact in the context of development dimensions in the sector under consideration.

Annex

As referred to in paragraph (vi) of the introduction of this progress report, the list of specific outputs and activities submitted to the Trade and Development Board and subsequently endorsed at its second (pre-sessional) executive session, is reproduced below in its original format for ease of reference. Document symbols/identification for these outputs have been shown in square brackets against each item.

1. Substantive services/meetings

1993 - United Nations Conference of Plenipotentiaries on a draft Convention on Maritime Liens and Mortgages; [A/CONF.162/8]
- Intergovernmental Group of Experts on Ports; [TD/B/CN.4/28]

1994 - Standing Committee on Developing Services Sectors: Shipping, second session; [TD/B/CN.4/39]
- Joint UNCTAD/IMO Intergovernmental Group of Experts for amending the 1952 Convention on Arrest of Ships; [TD/B/CN.4/GE.2/3]
- Intergovernmental Group of experts on Multimodal Transport; [Not mandated]

1995 - Shipping Policy Forum on Privatization/Commercialization of Shipping; [Not mandated]
- Intergovernmental Group of Experts on Ports; [postponed to early 1996]
- Standing Committee on Developing Services Sectors: Shipping, third session; [Report of 3rd session]

2. Outputs: Reports/studies on:

(a) Sessional documents

1993 - Rules of procedure for the United Nations Plenipotentiaries Conference; [A/CONF.162/5]
- Compilation of comments and proposals by governments, IGO and NGOs on the draft Convention; [A/CONF.162/3/Add.1-3]
- Review of activities in the field of ports; [TD/B/CN.4/GE.1/2]

1994 - Liberalization of trade in shipping services - impact on developing countries; [TD/B/CN.4/34]
- Report of the IGE on ports; [TD/B/CN.4/35] (+)
- Review of the activities of the secretariat in the fields of multimodal transport, maritime legislation, technical assistance and human resources development; [TD/B/CN.4/36]
- Review of the activities in the field of multimodal transport; [Terminated]

1995 - Review of activities in the field of ports; [Under preparation]
- Comparative analysis of national shipping policies, including policies on privatization of shipping services; [UNCTAD/SDD/SHIP/4]
- Review of activities in the fields of maritime legislation, technical assistance and human resources development; [TD/B/CN.4/48]

(b) Background documents

1993 - Development of human resources in the field of ports; [UNCTAD/SHIP/644]
- Legal and regulatory aspects of port activities; [UNCTAD/SHIP/639]
- Strategic port planning; [UNCTAD/SHIP/646]
- Impact of mega multimodal transport operators; [UNCTAD/SDD/MT/4]
- Ship acquisition pre-feasibility study; [Coastal shipping - RAF/89/061]

- ECDC in Shipping; [UNCTAD/SDD/SHIP/1]
- Sustainable development of ports; [UNCTAD/SDD/PORT/1]
- Developments in containerization; [UNCTAD/SDD/MT/2]
- Completion on the work on general average; [UNCTAD/SDD/LEG/1]
- Implementation of the TRAINMAR Action Plan; [UNCTAD/SDD/TRN/1]

1994

- The impact of commercialization/privatization programmes on the development of shipping services; [UNCTAD/SDD/SHIP/5]
- Multimodal transport and trading opportunities; [UNCTAD/SDD/MT/5]
- Comparative analysis of privatization, commercialization and deregulation in the ports field; [UNCTAD/SDD/PORT/3]
- Strategic port pricing; [UNCTAD/SDD/PORT/2]
- Implementation of the 1978 United Nations Convention on the Carriage of Goods by Sea (Hamburg Rules); [Part of TD/B/CN.4/36]
- Ship acquisition pre-feasibility study; [Coir fibre study with FAO]

1995

- Developments in shipper/ocean carrier relations; [UNCTAD/SDD/SHIP/2]
- Potentialities for increased regional co-operation in the field of ports; [Under preparation]
- Financial aspects of ports management; [Under preparation]
- New developments in ship financing; [UNCTAD/SDD/SHIP/3]
- ECDC: Institutional and policy changes and their results; [Under preparation]
- Legal aspects of ship leasing in developing countries; [UNCTAD/SDD/LEG/4]
- Ship acquisition pre-feasibility study; [No request yet]
- Facing the challenge of integrated transport services; [UNCTAD/SDD/MT/7] (+)
- MT Handbook; [UNCTAD/SDD/MT/8]
- General average - Reform of the system; [UNCTAD/SDD/LEG/3] (+)

(c) Recurrent publications

Annual Review of Maritime Transport; [TD/B/CN.4/27 (1993), TD/B/CN.4/37 (1994) and under preparation for 1995]

(d) Technical material

- The UNCTAD Ports Newsletter; [Issues No. 9 and 10 for 1993, 11 and 12 for 1994, and 13 for 1995]
- The UNCTAD Multimodal Transport Newsletter; [Issues No. 5 and 6: UNCTAD/SDD/MT/1 for 1993 and UNCTAD/SDD/MT/6 for 1994]
- The TRAINMAR Newsletter, quarterly; [Issue No. 17 in Dec. 1993, none in 1994]
- The TRAINMAR Catalogue; [1 each year]
- The TRAINMAR network report; [1 each year]

1993

- 2 monographs on computerized container terminal management [UNCTAD/SHIP/494(10)] and on EDI in ports [UNCTAD/SHIP/494(11)]
- 2 sets of Improving Port Performance (IPP) courses; [IPP 4 on port pricing and IPP 5 on commercialization under preparation]

1994

- Course material for a workshop for potential multimodal transport operators; [TRAINMAR module 5.4]
- Educational programme on charter parties; [UNCTAD/SDD/LEG/2]
- 2 sets of Improving Port Performance (IPP) courses on human resources development and strategic planning; [Not yet started]
- 2 Monographs; [UNCTAD/SHIP/494(12) on marketing tools for ports and issue No 13 under preparation]

1995

- 2 sets of IPP courses on port computerization/EDI and marketing; [Not started]
- 2 Monographs; [Pending contributions]
- Multiship Model II, Version 7 (Computer Software); [Outside expertise required]